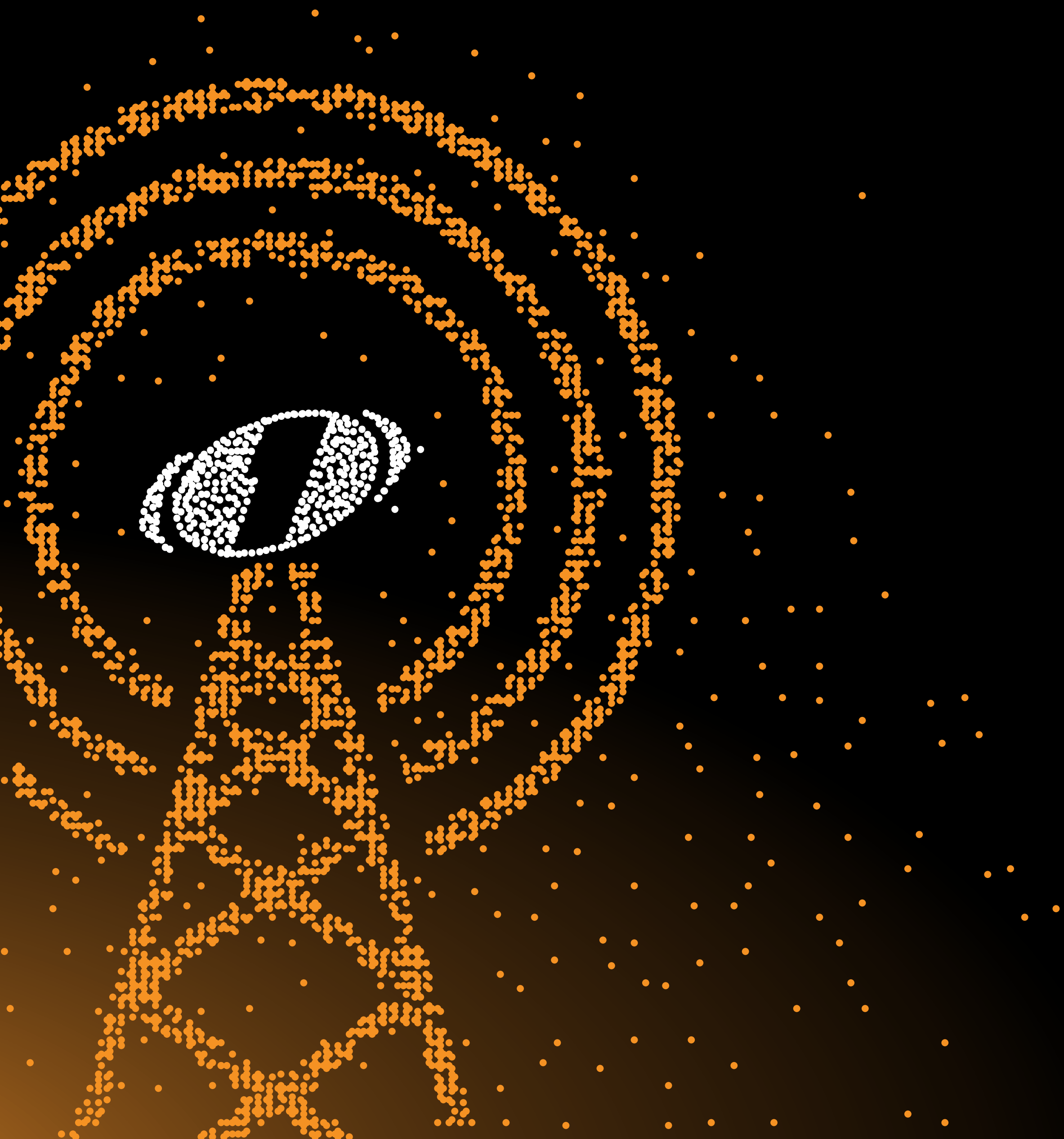
NetOne

The World in One

2019 | Integrated Report



CONTENTS

Find more information visit
www.netone.co.zw.

ABOUT NETONE – OUR BUSINESS

ABOUT THIS REPORT

REPORT BOUNDARY & SCOPE

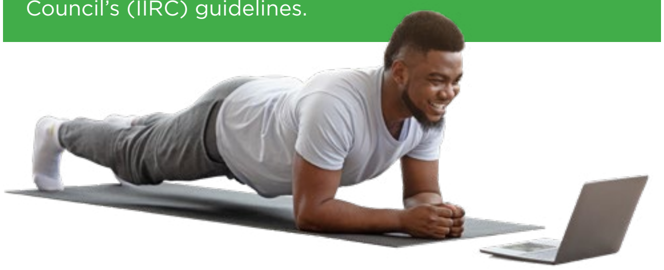
This Report focuses on reviewing NetOne Cellular's business model and strategy, risks and opportunities and operational and governance performance for the financial year 1 January 2019 to 31 December 2019.

REPORTING FRAMEWORK

Our Reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the Companies and Other Business Entities Act [Chapter 24:31], The Public Finance Management Act [Chapter 22:19], the International Integrated Reporting Council's Framework the Public Entities Corporate Governance Act [Chapter 10:31] and the Public Entities Corporate Governance (General) Regulations, S.I.168 of 2018. The Committee recommends the Annual Financial Statements to the Board of Directors for approval. Our Financial Statements were audited by independent external auditors, Grant Thornton Zimbabwe Chartered Accountants.

MATERIALITY

The information contained in this Report, is believed to materially affect value creation at NetOne. The material maters for inclusion in this Report involved reviewing NetOne's business model, how we create value and who we are, performance and governance matters and our key stakeholder interests. The structure and layout of this Report borrows from the International Integrated Reporting Council's (IIRC) guidelines.



COMBINED ASSURANCE

The Company applies a combined assurance model to assess and assure aspects of its operations, including the internal controls associated with elements of external reporting. Combined assurance incorporates and optimises all assurance services and risk functions, to enable an effective control environment and support the integrity of information used in decision-making and Reporting.

An internal combined assurance review of the internal controls applied to the information gathering process was performed, together with reviews by management and our compliance and internal audit functions, to ensure the accuracy of our Reporting. While this Report is not audited, it contains certain information that has been extracted from the Company's audited financial statements.

DISCLAIMER - FORWARD LOOKING STATEMENTS

This Report contains forward looking statements. These statements are based on current estimates and projections by NetOne Cellular Management and current available information. Futuristic statements are not guarantees of future developments and results outlined therein. We do not assume any obligation to update the forward looking statements contained in this Report.

APPROVAL BY THE BOARD

NetOne Cellular (Private) Limited's Board of Directors recognises its responsibility to ensure the integrity of the Annual integrated Report. The Board has agreed collectively that, this Report addresses all material matters and offers a checked view of NetOne's standing strategy and how it relates to the organisation's ability to create value in the short, medium and long term. We, as the Board, stamp and concur in belief that this Report has been prepared in accordance with the International Integrated Reporting Council's (IIRC) standard framework.

WHO WE ARE

NetOne is a leading Zimbabwean, digital communications company which provides data, mobile and fixed voice, messaging, mobile financial services and enterprise solutions to over 3.2 million customers consistently. We are driven by the belief that; we can empower generations through sustainable digital solutions.

OUR MISSION - PURPOSE

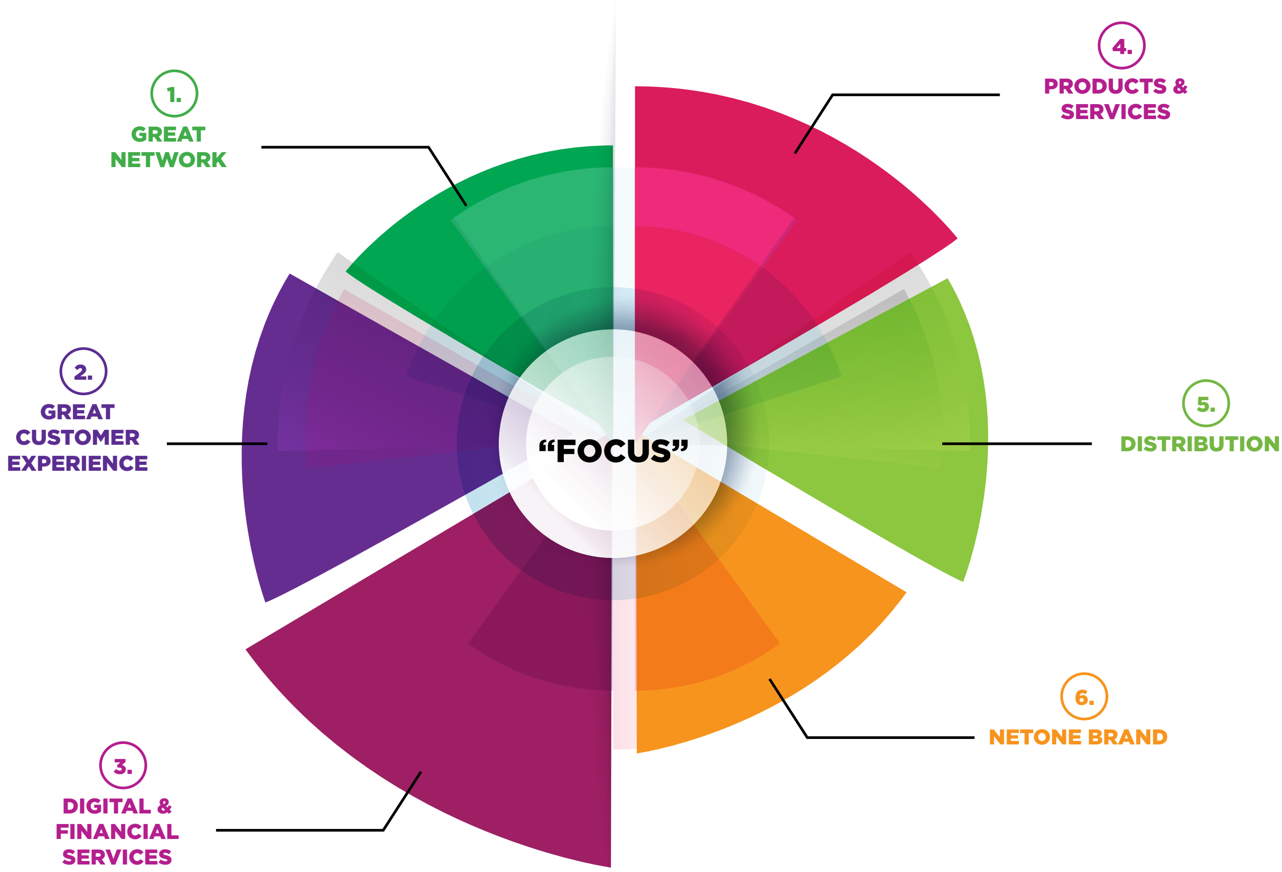
To transform lives and develop communities through communication solutions.

VALUES

Sustainable seamless communications delivered with an edge.

VISION

Dedication
Responsibility
Innovation
Vigour
Excellence
Synergy



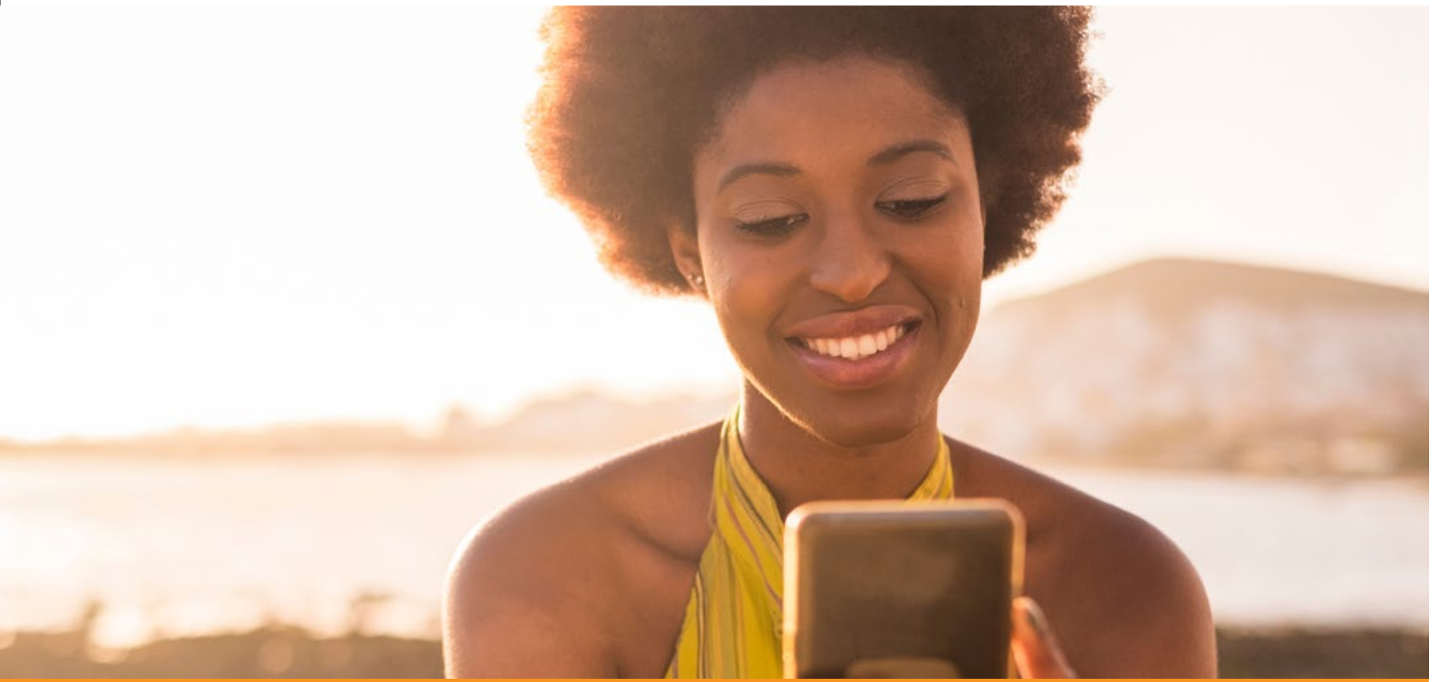
WHERE WE OPERATE

Population
17,4
Million

GDP
20.56
Billion

Official Languages
16

WHAT WE OFFER



We boast of over 3.2 million individual customers enjoying our products and services. At the centre of our consumer product and services portfolio, we have voice, data, messaging and mobile financial services across mobile and fixed networks. Our company is rapidly moving into completely new verticals which include but are not limited to ride hailing, food delivery and entertainment services. Enterprises and small businesses also play a huge role in our economy hence we continue to offer various communication solutions to this sector.

NetOne
The World in One

NETONE PRODUCTS

VOICE
Mobile, Fixed
DATA
Mobile Internet, Fixed
MESSAGING
SMS, MMS

NETONE SERVICES

MOBILE FINANCIAL SERVICES
OneMoney & OneCover

NETONE BUSINESS – ENTERPRISE

CONNECTIVITY
Wireless, Fixed, Mobile
UNIFIED COMMUNICATIONS
Voice, Messaging
SOHO

VALUE FOR THE NETONE CUSTOMER

OUR MARKET CONTEXT - OPERATING ENVIRONMENT

NetOne faces a uniquely dynamic operating macro environment which brings with it pronounced risks but most importantly opportunities. This context allows the business to better shape a strategy to respond and win with. We created a strategic framework which worked as a central guide in navigating our environment, on a day to day basis.

ECONOMIC, REGULATORY & POLITICAL ENVIRONMENT

- The year was difficult with a recorded negative growth in the economy of 6.5%, year on year.
- Continued depreciation of the local currency against the USD – inflation rose to over 255,3%.
- Reduced Foreign Direct Investment (FDI) compared to previous years.
- Complex regulatory environment affecting tariffing and profit creation.
- Unemployment and poverty levels in our economy remain high, pushing ARPU to less than $ZWL200.
- Stabilising electricity supplies towards the end of the year, reducing pressure on our operating costs, borne in fuel and base station maintenance.
- Relatively stable political landscape, with less tension on business operations.

RISK

- Volatile economic and market conditions.
- Constraining regulatory pressure.

STRATEGIC RESPONSE

- Pushing and maintaining high consciousness on the cost base – efficiencies.
- Creating products and innovations that speak to our core target base.
- Driving inclusive digital services such as OneMoney in order to support a more involved society.

COMPETITIVE ENVIRONMENT

- Major investment moves by the main competitor, incorporating a technology and services group.
- Increased fragmentation in data service offering by rising individual ISPs.
- Innovations have also been pouring into the market at an increasing rate, threatening our data and voice revenues.
- Over The Top (OTT) services, have continuously taken a serious knock effect on our voice and sms revenues though there has been an opportunity to capitalise on bundled data.
- Banks, which are non-telco players have also been hot on our heels, with great mobile financial service offerings.
- NetOne continues to compete on the quality of network, distribution and customer support to win the retention and increased revenue war.

RISK

- Market Disruption

STRATEGIC RESPONSE

- Increased focus on customer experience, the business won an award for best customer services company in telecommunications in 2019.
- Encouraging the consumption of OTTs through appealing bundled offers.

TECHNOLOGICAL AND SOCIAL ENVIRONMENT

- Increasing case for mobile as the best medium to reach customers, as evidenced by the continued mobile penetration rates.
- Messaging now taking centre stage of communication with a huge percentage of the consuming public now using social media too, thereby increasing customer activism.
- Local audience warming up to new technologies, with a significant adoption of video and the revolution to come around Artificial Intelligence (AI) and Augmented Reality (AR).
- The Government has been heavily pushing for community information centres (CICs) to increase awareness and use of technologies, over 120 CICs commissioned in various provinces.

RISK

- Market Disruption
- Revenue loss

STRATEGIC RESPONSE

- Supporting government efforts in deepening access of mobile telephony to the most parts of the country
- Embracing new technologies and encouraging collaboration

CHAIRMAN'S STATEMENT

Ms S. MUTANGADURA
ACTING CHAIRPERSON

0.34%

INFLATION ADJUSTED REVENUE

0.28%

INFLATION ADJUSTED EBITDA

OPERATING ENVIRONMENT

The operating environment presented a number of challenges during the period under review. Government continued with the monetary and fiscal reforms that began during the last quarter of 2018. Major reforms and policy changes included liberalisation of the foreign currency market and floating of the local currency. Inflation surged in the period under review. This had a significant impact on costs while consumer purchasing power remained constrained as wages lagged behind inflation. By October 2019, the Public Accountants and Auditors Board (PAAB), declared that Zimbabwe had met the conditions requiring financial reporting for an economy in hyperinflation.

Shortages of fuel, key consumables and then, toward the end of the financial year, electricity, necessitated precision planning and management in order to sustain the Company's operations. It is nevertheless noteworthy that the authorities made evident effort to balance the competing social, political and economic goals of the nation, using all available resources. This somewhat minimised the adverse impact of the challenges, and at the same time created new opportunities for business.

Undeterred by the challenges, our major focus was to ensure that NetOne remained competitive and relevant in the digital age whilst ensuring that we support inclusive growth and sustainable development in Zimbabwe. Our asset base has ensured that NetOne is well positioned for this journey. A broad product offering, superior technology, national presence and significant investments in our infrastructure in recent years have provided a strong foundation to build on. Revenues are well diversified across business segments and geographies. Digitalization and further automation present new opportunities for business growth.

Significant investments and strategic decisions were made, while remarkable progress was achieved towards our growth targets, benefitting both customers, stakeholders and the shareholder. Those of us who have the privilege of being part of NetOne are grateful for the courage and passion of those who paved the way and laid the groundwork for our great company, a leading telecommunications provider. Courage to challenge convention and explore new directions, spot opportunities and take calculated risks to reach strategic goals will pave our future. Passion in believing that we can accomplish great aspirations,

> **"As we finalised our reporting in June 2020, it had become clear that many governments, including ours, were adopting sweeping public health measures against the COVID-19 epidemic."**

such as transforming the communications landscape, by continuously striving for excellence, doing more with less, being better than yesterday will propel us to greater heights.

PERFORMANCE

The Company's performance during the year 2019 is a reflection of the challenging commercial conditions confronting the business in the environment which we operate in. Overall, the Company experienced a 0.34% decline in inflation adjusted revenue and a 0.28% increase in inflation adjusted EBITDA. A significant concern for the Board was the increased foreign exchange market volatility and the decline in the value of the local currency against the major global currencies. This led to foreign exchange losses amounting to $3.5 billion in the period under review. While there are many factors impacting our performance, including foreign currency shortages, continuous power outages and depressed disposable incomes, we do recognise that for many, there is increasing concern regarding our debt position.

During the year 2019, the Board focused on ensuring that we have a sound understanding of how the economy is adapting as we enter the digital age. We will continue to innovate in the mobile financial services space, elearning, ehealth so as to provide a seamless service to our valued customers. We are equally determined that the Company continues to unlock new opportunities as we respond to the dictates of the fourth industrial revolution.

GOVERNANCE AND RISK MANAGEMENT

The Board of Directors is committed to good corporate governance and ethical business practices, promoting the long-term interests of shareholders. We strive to be a good corporate citizen. We emphasize on corporate social responsibility because we believe in synergies with the communities that we operate within. In our day to day operations we strive to protect the environment so as to ensure that the future generation will enjoy a clean environment. To guide the organization on responsible conduct, NetOne established a policy on corporate social responsibility, which focuses on well-defined key pillars. We are proud of the advancements made in corporate social responsibility during the year under review and we will continue on that journey in 2020.

On behalf of the Board, I would like to thank Mr. J.P Mutizwa, Mr. P.M Chakona, Ms. S Dhliwayo, and Mrs K. Mupandawana, who resigned during the early part of 2020, for their invaluable contribution during the period they served on the Board of Directors of NetOne Cellular (Private) Limited. I wish them all the best in their future endeavours. I would also like to take this opportunity to also welcome Dr B Chirume as new non-executive director to the Board who was appointed to the Board of Directors on 5 March 2020.

APPRECIATION AND LOOKING AHEAD

I wish to express my deepest gratitude to each of my fellow Directors, Management, employees of NetOne Cellular (Private) Limited, and to all NetOne Subscribers.

As we finalised our reporting in June 2020, it had become clear that many Governments, including ours, were adopting sweeping public health measures against the COVID-19 epidemic which threated the entire global economy. NetOne Cellular is a resilient and resourceful organisation, and the Board is confident that the company will continue to provide essential telecommunications services during this period when the world is grappling with the pandemic and beyond, in a sound, profitable and sustainable manner. It is no doubt that mobile telecommunications have been the pillar that has provided the much needed support in the day to day functions of business, health and education.

Despite the various challenges, that business community is facing, the outlook for the mobile telecommunications industry remains positive, with growing demand for our data services being a major factor contributing to anticipated long-term growth. The Board is confident that NetOne is well placed to adapt to the changing context and that its sustainable business strategy focused on driving organic growth, unlocking value creating opportunities and protecting the balance sheet will deliver long-term sustainable growth. We express our recognition of the hard work and dedication of the entire NetOne team, and fully appreciate the continued commitment and support of our Shareholder in the fulfilment of our purpose. Zimbabwe is our home and we will continue to drive her growth.

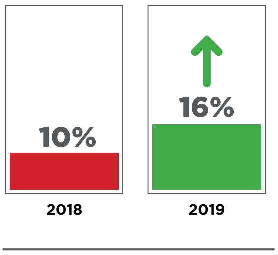
MS MUTANGADURA
ACTING CHAIRPERSON

CEO's STATEMENT

"It was a great year for us and our customers since we posted a very positive set of financial results which represents the steadfast and hard work of our NetOne people and the customers who trusted us daily"

Ms C. JAISSON
ACTING CHIEF EXECUTIVE OFFICER

REVENUE VALUE SHARE



MOBILE FINANCIAL SERVICES MARKET SHARE

STAYING OUR COURSE – RESPECTING THE NETONE CUSTOMER

When the year, 2019 began we decided to be deliberate about how we serve the communities within which we operate in. This has been necessitated by the thinking that, excellence only happens when you walk together with the people who are making you to see the next day, the NetOne customers. We are reminded every day that these customers make us and hence they deserve all our attention and focus. Seeing a 291% growth in revenue against the previous year and achieving a gain in revenue share of 6% from 2018 to 2019 was a feat only achievable by the help and trust of the special "NetOne customer."

This has however been a difficult year riddled with serious economic challenges, from a shrinking economy, power shortages drought all of which made it harder for the customer to spend more on us. We however adjusted our strategy to make sure that we deliver the greatest efficiencies to keep the business running and also to optimally provide products and services to our customers. Our purpose and drive remain in not only enabling seamless communications to various stakeholders but in making sure we harness the power of technology and mobile to improve the lives of every Zimbabwean.

What also inspired us and made the year great was our participation in technology programs that focused on the youth. NetOne ensured at least 50 young technical people participated in a Google Certification program in a bid to enhance their skills for the betterment of their lives and communities. This was just in part of the many programs we undertook to grow confidence in young people. Our participation in soccer sponsorship of community teams, is largely part of our belief in "togetherness".

We have actively created jobs, directly and indirectly to over 1,000 people with our franchise model which equips small businesses in every part of the country with training and stocking of NetOne products, thereby allowing them to make sustainable incomes from product sales and services.

CREATING AN EXCELLENT NETWORK

NetOne committed to growing the best quality network in the country at the beginning of the year, borrowing from the belief that, everything rests with providing a great network to our customers. If today we have a "working" network, it says the customer is able to call or enjoy the best of the internet without hassles. We recognise that, when a customer commits money to us, they require value in return and this happens only when the network is perfect. Our average up time was consistently above 98% across the year despite the shortages of fuel and other associated difficulties. A number of initiatives were undertaken to improve the quality of our network

Firstly, we undertook 3G and 4G Network Optimisation, that is to say, network resources were optimised which resulted in improved network quality in the respective areas. The improved network quality resulted in good customer experience leading to more data traffic as customers accessed services with ease.

Secondly, 2G 900Mhz frequency spectrum re-farming was done. NetOne's 2G services, like all other operators globally, are on the decline and this has led to more resources being freed for re-use for 3G services provision where demand has risen. 2G 900Mhz frequency spectrum re-farming was implemented for sites where 3G services were not readily available. This led to improved data services user experience for customers, fulfilling on NetOne's back to basics strategic pillar of quality network.

Thirdly, government 100-day action plan projects were executed. Under the action plan projects, 21 sites were commissioned countrywide. This availed coverage to marginalised and remote areas that originally did not have coverage. NetOne will continue to implement new base stations under the 100-day action plan initiative.

Fourth, infrastructure sharing. In order to provide more base stations with minimum CAPEX, NetOne signed a memorandum of understanding with Econet for infrastructure sharing. This will lead to new base station deployment at reduced CAPEX enabling the company to commission more base stations countrywide in the year 2020.

DELIVERING GREAT PRODUCTS AND CUSTOMER EXPERIENCE

Our customers continue to have faith in us because of the commitment to greatness that we thrive to deliver to them. NetOne would not be stronger without excellence in customer services. We created innovations around product and we served with our hearts to attain as high as 94% in service quality in 2019.

During the year, a number of service and product optimization exercises were carried out to ensure the business continues to offer quality products to our end users. Consequently, this entailed giving a relook at the structures of our products and services to balance off quality with profitability. As a result, there was a drop in daily data traffic by 50% after correctly pricing the data offerings that were heavily discounted.

The business also introduced new offers particularly in the area of media & entertainment. There are many key partners engaging the business to revolutionize this segment to fulfil the NetOne mission of transforming lives and developing communities through communications solutions.

ENSURING AVAILABILITY OF OUR SERVICES TO ALL CUSTOMERS

During the year under review the company managed to increase the franchises to 800 which followed a standardized model for the visibility of our brand. In addition, 660 key national accounts, dealer outlets and vendors were also branded. The outsourced channel has been complementing our own channel and impacting our business in a great way. The franchise shops which numbered 1500 as of December 2019 contributed close to 25% of the total collections.

NetOne owned shops are now 34. It should be noted that the standardised designs which have been added to the shops in 2019 and the footprint followed are according to the plan for NetOne to reclaim the pole position in the market.

The rapid mass-market penetration of the mobile phones in the last decade has created an opportunity for a key distribution channel through mobile financial service. NetOne has drafted a plan to focus on the evolution of sales models and customer engagements through OneMoney. For the year ending 2019, there were close to 500,000 active users and 42,000 on the OneMoney platform. With the help of OneMoney, the electronic airtime penetration achieved 39%.

OUR LONG TERM FOCUS

Sustainability of the long term growth of the mobile telecom business calls for increased investment in content & data, new services and financial technology. These 3 mirror the focus areas of NetOne termed as the battlegrounds and have been identified as the future growth of the company.

1. Data
Data is an area of massive growth potential which will be underpinned by new services, introduction of data based content, improved technology, IOT solutions & enterprise. The key focus on enterprise and IOT is expected to bring transformational products as business solutions to the corporates and SMEs.

2. Media & Entertainment
Technology with an edge becomes of great essence in this segment of the business. To thrive in this area there are a number of challenges to be overcome which include the following:

a. winning the battle for content
b. focusing beyond the millennials
c. automation for enhancing effect
d. user experience, service penetration and overall subscriber growth

Whilst preparing to manage the transition of the new technology and systems to kick-in before end of 2021, the business has made a deliberate decision to engage key partners with the requisite experience, skill and systems to win this segment of the business.

3. OneMoney
Having migrated in 2017 to one of the best mobile financial service platforms in the telecom industry, the business will now put laser focus on marketing and innovation to monetise the investment in OneMoney. Notable progress has been attained in subscriber acquisition through engagements with key players such as Government departments and ministries, parastatals and the corporate sector at large. A coherent plan of all the key engagements and recruitments together with an extensive marketing roadmap will undoubtedly take our mobile money service to the next level.

MS C. JAISSON
ACTING CHIEF EXECUTIVE OFFICER

NETONE BUSINESS MODEL

HOW WE DELIVER WORLD CLASS PRODUCTS AND SERVICES LIKE **ROCK STARS.**

BUSINESS SUPPORT FUNCTIONS

FINANCIAL TECHNOLOGY
OneMoney, OneCover

NETONE ENTERPRISE BUSINESS
CONNECTIVITY
Wireless, Fixed, Mobile
UNIFIED COMMUNICATIONS
Voice, Messaging
SOHO

CORE NETONE BUSINESS
Mobile Data,
Voice, SMS,
Content Services

VALUE FOR THE CUSTOMER, ENTERPRISE AND SHAREHOLDER

BUSINESS SUPPORT FUNCTIONS

Our business is led by the Technical, Operations, Human Resources, Risk & Legal, Finance and Marketing functions to deliver world class services and products for the customers. We have positioned ourselves as the best quality network in the nation that enables individuals and businesses to be at their best. The strategic functions are set to produce a truly unique and unforgettable experience for those that we serve.

Sustainability Strategy
Our sustainability strategy is implemented by adhering to international best practices and standards which seek to manage environmental and social issues in the organisations. In addition, the Company places great emphasis on compliance with local laws, regulations and requirements in the places we operate. Furthermore, the Company keeps track of protocols and commitments adopted or signed by government which have a bearing on business sustainability such as the Sustainable Development Goals (SDGs) and Climate Change.

Stakeholder and Risk Management
We continue to integrate stakeholder engagement in the overall corporate and risk management strategy of our businesses. Our approach is achieving sustainable business success driven by sustainable relations with all our stakeholders as business partners. Maintaining sustainable stakeholder relationships based on shared values of honest, inclusivity and responsiveness contribute to trust and strong relational capital for the Company. Our stakeholder engagement strategy is a responsibility that is shared among all employees and management embedded in how we interface with our stakeholders in our day-to-day activities.

Supply Chain
Our corporate strategy is to maintain a sustainable supply chain which thrives on shared values. Supply chain management is a critical component in our business value chain and sustains our corporate image. To that end, we provide systems which ensure that all suppliers are screened on their track record and consideration of sustainability issues such as environmental, social, behaviour, corruption, statutory compliance and human rights practices. We try by all means to ensure that most of our suppliers share our common values for sustainability in our value chain. We provide opportunities for disadvantaged groups, small scale farmers, youths and the less privileged to be part of our supply chain through our contribution to economic empowerment of our society and sustainable development in the places of operation. Appropriate trainings and support are provided to ensure quality and standards are met.

REVENUE ASSURANCE

The revenue assurance function at NetOne reports directly to the CEO and provides assurance oversight on Business processes and assures revenue emanating from Voice, Data, SMS, VAS and MFS products and services.

The Revenue Assurance work focused on ensuring that there is minimal leakage to the business on all revenue streams.

Our Revenue Assurance is a continuous endeavour aimed at improving operational efficiency and ensuring that all possible revenue is collected.

Benefits
- Recovered revenue for services provided but not billed
- Minimized enterprise risk
- Optimized operational performance
- Establishment of an on-going process to avoid future leakage

Our approach has been that Revenue Assurance service is an end-to-end analysis of the revenue stream processes, identifying problems that are generally not revealed through the analysis of any single area of revenue generation in isolation. It is balanced between achieving short-term, bottom-line impact and implementing long-term/fundamental process-driven changes preventing future revenue leakage. It is a more comprehensive, process-based view of the causes of revenue leakage by focusing on the processes, systems, and employee practices that drive financial performance in functional areas throughout the enterprise.

The function implemented some controls to detect and act on telecommunications frauds such as SIM box, traffic refiling, subscription and air-time theft to greatly reduce their negative impact to business and customer experience.

FINANCIAL TECHNOLOGY

The OneMoney financial platform allows for money transfers, airtime purchases, payments, bulk disbursements and access to credit (loans). Customers can also get their cash from our NetOne shops through our remittances partner, World Remit. It is the best in the country with 1,200 transactions per second. This feat makes us truly world class in every way.

CORE NETONE BUSINESS

Our data services are enabling thousands of small businesses and millions of individual customers to safely connect to the world around them and beyond. We have the best data speeds in the country, coupled with the highest availability of above 98% in areas that we serve. These services come in pure data or in bundle form and in either case we are winning in the segments. We continue to grow our 3G & 4G coverage so that we service the uttermost geographical parts of our nation with great quality data.
Voice has been commoditised so has SMS but we continue to give the best quality to our customers. Our segmentation approach in bundling our voice services is bearing rapid results, as evidenced by our run-away voice bundle, the "NetOne Khuluma 24/7" which gives customers every time convenience of calling across any network in Zimbabwe.

NETONE BUSINESS

This part of our business focuses on the businesses, big and small and offers tailored solutions for maximum benefit to the customer. The business offers both fixed and mobile, world class services at the best quality level. Our commitment is to grow business that are sustainable and are connected in very way. To survive in the current global environment, we recognise that connectivity is everything!

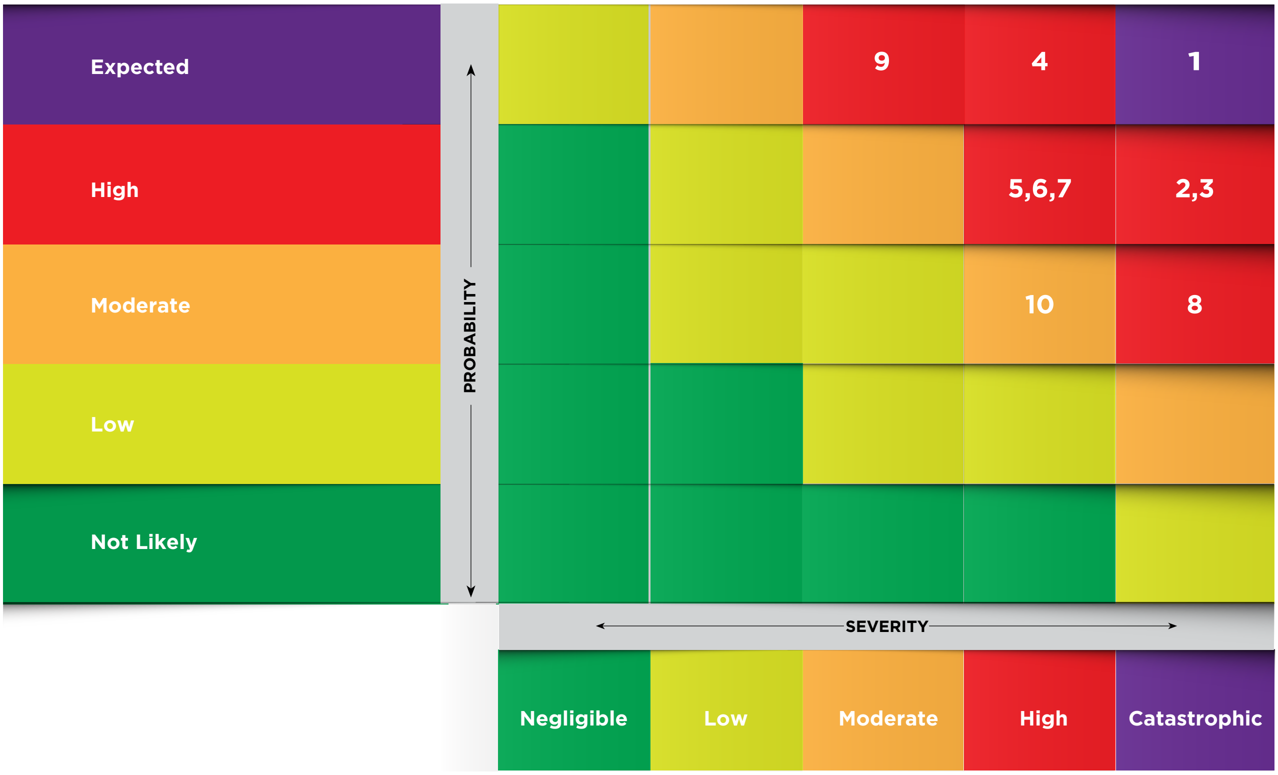
VALUE FOR THE CUSTOMER, ENTERPRISE & SHAREHOLDER

What drives our uniqueness in the industry we are in is our non-negotiable commitment to excellent execution. We have consistently said to ourselves, we are going to offer the best quality network which allows us to deliver world class services to our customers every day. Customers come to NetOne for an experience and for that we offer them great value for their trust. Continually we are re-inventing our processes, we are training and hiring in new experts and also adopting great technologies to enhance the value that we deliver for all our stakeholders.

RISKS TO VALUE CREATION

RISKS TO VALUE CREATION

NetOne Risk Matrix



KEY

1. Financial Risk
2. Strategic Risk
3. Operational Risk
4. Procurement Risk
5. ICT Risk
6. Compliance Risk
7. Reputational Risk
8. Cyber Risk
9. Human Resources Risk
10. Market Risk

The risk matrix shows the level of risk by considering the category of probability or likelihood against the category of consequence severity as profiled during the period under review. This mechanism was used to increase visibility of risks and assist management decision making.

The risk catalogue below shows the organisation's main risks and associated mitigation actions to effectively and efficiently manage the business risks threatening viability.

RISK NO.	RISK CATEGORY AND DESCRIPTION	IMPACT	MITIGATION
1.	**FINANCIAL RISKS** The probability of loss inherent in financing methods which may impair the ability to provide adequate return. The financial risks for NetOne include; Liquidity risk, credit risk, interest rate risk and foreign exchange rate risk.	• Business Loss • Inadequate business funding • Poor remuneration and low staff morale • Poor stakeholder reputation	• We have a strong Debtors Collection strategy. • We have flexible creditors payment terms. • We have robust Revenue assurance systems • We use the Deloitte tip off anonymous. • We hedge against foreign currency losses through offshore Interconnection revenue.

RISK NO.	RISK CATEGORY AND DESCRIPTION	IMPACT	MITIGATION
2.	**STRATEGIC RISK** A possible source of loss that might arise from the pursuit of an unsuccessful business plan emanating from the organisation's mission, vision and values. Furthermore, strategic risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.	• Failure to accomplish the company's mission and vision. • Poor corporate culture • Negative Shareholder reputation	• We have sound Strategic, Operational and Tactical plans which are periodically reviewed. • We maintain effective communication of business plans. • We continuously align staff values to corporate values.
3.	**OPERATIONAL RISK** Operational risk is the prospect of business loss resulting from inadequate or failed procedures, systems or policies.	• Disruption of Business Operations. • Fines and Penalties. • Failure to meet statutory obligations (bad reputation). • Loss of Revenue • Poor industrial relations climate. • Accidents.	• We continually support employee participation and engagement in decision making • We have skills identification and development strategy. • We have implemented Staff motivation strategies • We implement planned preventative and fault maintenance programs. • We realigned our processes and systems. • We have a product liability cover.
4.	**PROCUREMENT RISK** Procurement risk is the potential for failures of a procurement process designed to purchase services, products or resources. Common types of procurement risk include fraud, cost, quality and delivery risks.	• Increased Cost structures • Delayed Project completion • Substandard Projects/ products • Bad Corporate image • Operating Loss	• We strictly adherence to all the procurement regulations. • We effectively deal with corruption and fraud • We have Deloitte Tipp Off Anonymous • We have implemented a culture change program
5.	**ICT RISKS** Technology risk is any potential for technology failures to disrupt your business such as information security incidents or service outages.	• Loss of data • Data manipulation • Compromised System reliability • Poor Reputation • Financial Loss • Failure to Transact	• We have a sound Business Continuity Plan. • We have Onsite and Offsite Data Backups • We have cyber insurance • We have an Anti-virus in place • We continuously provide ICT trainings
6.	**COMPLIANCE RISK** Compliance risk is exposure to legal penalties, financial forfeiture and material loss an organization faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.	• Fines and Penalties for non-compliance • Bad publicity • Loss of revenue • Failure to attract new business	• We have our quality control strategy in place. • We have dedicated resources to manage all compliance issues. • We carry out periodic audits • We regularly use the compliance and regulatory dashboard

RISK NO.	RISK CATEGORY AND DESCRIPTION	IMPACT	MITIGATION
7.	**REPUTATIONAL RISK** The risk that NetOne will lose potential business because its character or quality is seriously questioned on the market.	• Bad Corporate image • Failure to access local and international capital • Loss of customer confidence	• We do corporate social responsibility programs in communities we serve. • We have strong Marketing and Public Relations Teams in place. • We maintain NetOne active website • We conduct customer advisory meetings, workshops and trainings.
8.	**CYBER RISK** Cyber risk is a special type of information technology risk that relates to a loss due to manipulation of technical infrastructure such as servers and databases of NetOne. This loss ranges from a hacker draining a bank account in Mobile Financial Services to an employee accidentally exposing private data to site visitors.	• Loss of data credibility. • Ransom payments • Loss of customer confidence. • Operating loss • Court cases • Third party claims • Loss of intellectual property rights.	• We carry out IT security audits and compliance checks • We monitor the use of our Computer Hardware and software updates. • We have dedicated IT Security staff. • We religiously update our Antiviruses
9.	**HUMAN RESOURCES RISK** Risk that the company may incur losses due to drain or loss of personnel, deterioration of morale, inadequate development of human resources, inappropriate working schedule, inappropriate working and safety environment, inequality or inequity in human resource management or discriminatory conduct.	• Failure to meet performance targets • Loss of Productivity • Loss of Profitability • Turbulent Industrial Relations environment • Increased Labour costs • Loss of skilled personnel	• We strictly adherence to code of conduct. • We do systematic employee vetting • We maintain effective communication • We have implemented staff motivation programs • We offer competitive monetary and non-monetary incentives. • We periodically conduct culture change management programs to all staff.
10	**MARKET RISK** Market risk is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial markets in which he or she is involved. Market risk, also called systemic risk.	• Underutilisation of Telecommunication Network • High Cost of Borrowing • Poor Innovation and product development • Loss of Market Share	• We continuously engage all stakeholders and respond to various needs. • We enjoy a good credit worthiness rating. • We have bilateral contracts with other Network Providers.

HOW WE CREATE AND SUSTAIN VALUE

1 PEOPLE, CULTURE & GOVERNANCE (HUMAN CAPITAL)

40% of the workforce is **WOMEN**

2018	
2019	

Staff Costs dropped from 22% to 13% in 2018 and 2019

INPUTS

767 Trained & Supported Employees

Strong culture, internal to drive growth

Informed governance systems

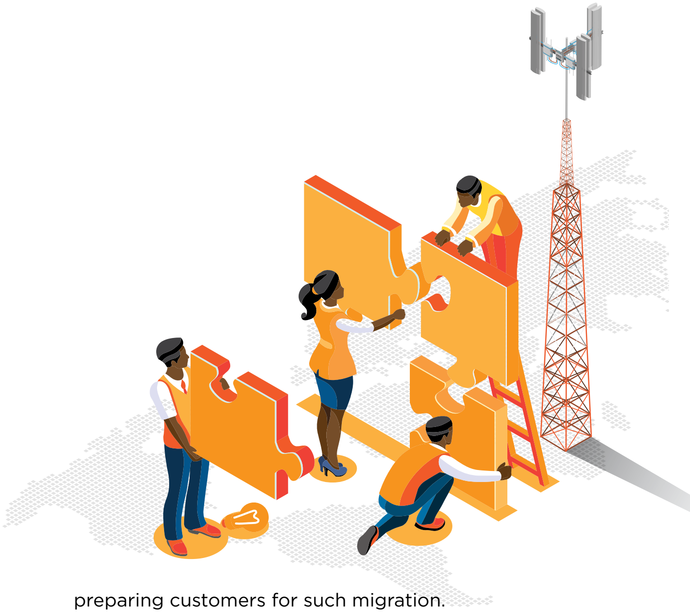
ACTIVITIES

- Employee upskilling, employees doing continuous training – 43,000 training hours invested into employees.
- Major focus on systems and operational improvement across the whole business.
- Leadership roadshows, ensuring maximum interactions.
- Quarterly employee briefs in all zones.
- Implemented a new management structure to deliver maximum efficiencies, in all business functional areas.
- Increased focus on safety, health and employee wellness. Wellness sessions held across all 5 regions within which our people serve.

OUTCOMES

- Became the first and only approved ACCA certified trainer public sector Company.
- Now 40% of the workforce is women, with continued encouragement to equality.
- Staff costs dropped from 22% to 13% in 2018 and 2019 respectively.
- Revenue per employee grew from $156,115 to $627,593 in 2018 and 2019 respectively, representing a 300% increase.

2 NETWORK & IT INFRASTRUCTURE (MANUFACTURED CAPITAL)



INPUTS

1. 3G Sites redeployment
During the year under review, the concentration of smart phones sharply increased especially in urban areas. This resulted in intense pressure for services using 3G radio access technology. As a way to maintain the best service delivery on 3G some 3G sites were redeployed from areas of low utilisation to urban areas so as to densify the 3G radio access technology in these areas of high demand. This guaranteed service quality while at the same time resulting in high data traffic generation, an opportunity for revenue generation. In areas where the 3G equipment using the 2100Mhz band was relocated from, 3G services were migrated to 900Mhz band as the 2G 900Mhz band was refarmed and utilized for 3G services with ll the benefits associated with the 900Mhz band.

2. U900 implementation
The 2G 900Mhz band was re farmed and utilized for 3G services provision. This strategy so additional 3G base stations being activated under the 900MHz spectrum in rural and peri-urban areas. The introduction of U900 strategically enabled the business to provide additional 3G capacity utilising existing hardware, a position that allowed maximum sweating of equipment for value to the organisation.

3. MBB Phase 3 BOQ Finalisation
Under the government's mega deals signed during the year. NetOne was a beneficiary as the Company was awarded a network expansion and modernization opportunity with Huawei under the China Exim Bank USD71million loan. Under this project, the Company will modernize its network with the latest equipment and stay ahead to stay afloat in this industry with cutthroat competition. This upgrade will ensure top class service provision for our customers while ensuring the business offers several bundles and services to customers. This will guarantee good customer service.

4. 100 Day Action Base Stations Installations
The business successfully implemented the Government's 100 day's action plans where. A total of 21 sites were commissioned in 2019 both in urban and remote areas. This helped expand coverage to originally marginalised areas. Communities in the respective areas can now access digital divide services.

5. Infrastructure Sharing Memorandum of Understating (MOU)
To minimize on CAPEX involved on new sites development, a strategic decision was initiated to increase the number of infrastructure sharing sites. A landmark memorandum of understanding was signed with ECONET Wireless and an initial 150 sites each was agreed. Going forward this will be beneficial to the organisation as more base stations will be implemented at reduced CAPEX.

KEY ACTIVITIES TO SUSTAIN VALUE

1. 2G, 3G, 4G activation on same physical sites
The radio access network has been improved with more 4 sites being activated on sites that only had 2G and 3G technologies. The introduction of 4G services is in line with normal trends were customers are migrating to LTE services and 4G introduction is preparing customers for such migration.

2. Introducing coverage in formally marginalised areas.
The expansion of coverage to formally marginalised areas has resulted in the improvement in catchment areas for the business opening up new markets for the business. This also improved the lives of the people in the respective areas.

3. Network Availability
Network availability was a huge responsibility as we are obliged to provide service to our customer. It was a huge success under the prevailing conditions where we had long hours of load shedding and commercial power unavailability. The Company opted to procure more fuel for diesel generators so as to alternatively power the base stations. Avenues of solar power were explored and some proof of concepts are currently running.

OUTCOMES

By end of 2019, the following was the number of base stations on Network:

Base Stations Summary	
2G Base Stations	1682
3G 900MHZ	165
3G 2100MHZ	735
LTE	297

Data Traffic Trend

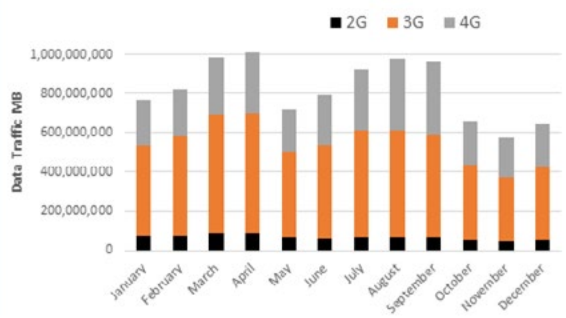
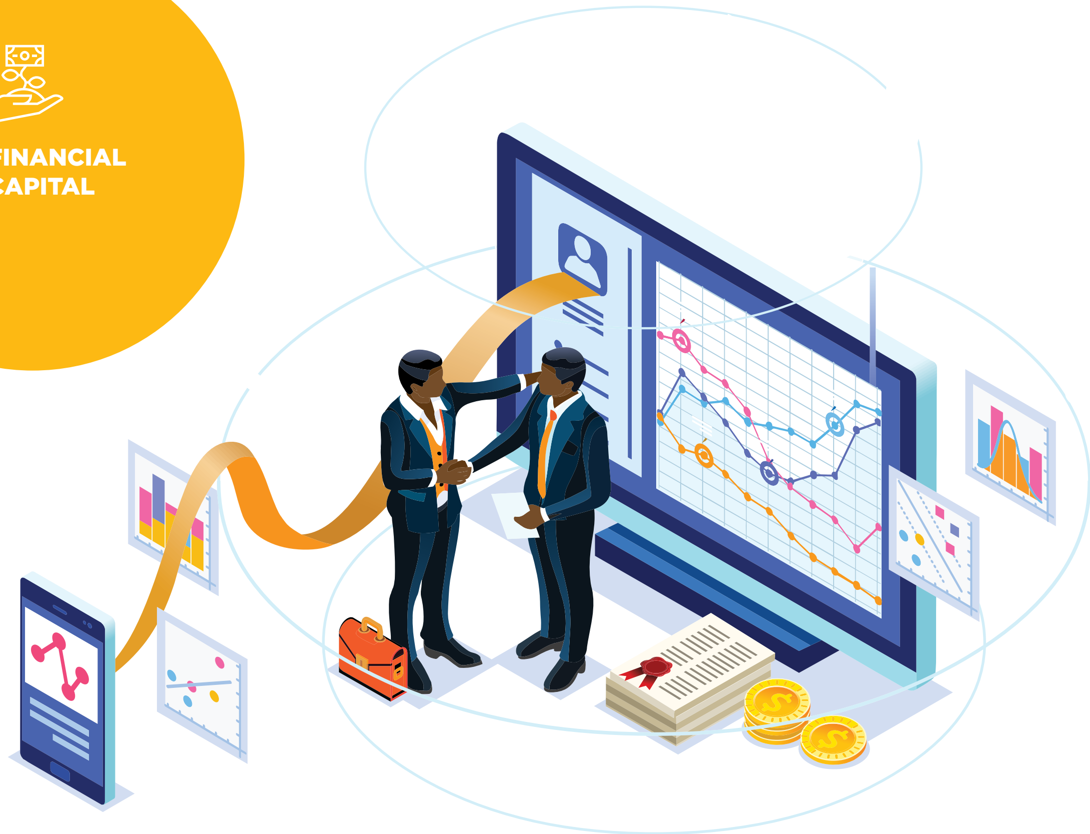


Figure 1: Monthly Data Traffic Carried By Radio Access Network

The Data traffic trend shows the dominance of 3G radio access technology in data traffic provision. This was as a result of the penetration of smart phones as customers migrated to 3G services.

3 FINANCIAL CAPITAL



INPUTS

Investments
US$270 mln

Time

Strategic Plan

ACTIVITIES

Maintaining a solid finance team to rationalise costs and focus on growth

Financial Stakeholder Management

Prudent procurement activities that support a "growth and revenue preserving" culture

Debt Restructuring

OUTCOMES

EBITDA
Margin Increase

CASH
Generated from Operations

4 SOCIAL & RELATIONSHIP CAPITAL

INPUTS

NetOne brand reputation and trust

Strong partner relations with various stakeholders, media houses and others

Progressive and continuous engagements with the regulator

Shareholder confidence

ACTIVITIES

Full regulatory compliance and constant interaction

Solid governance processes

Key partnerships with media houses, local authorities to contribute to societal wellbeing especially around issues of health

Huge focus on financially inclusive offerings, making sure the NetOne business actively participated in building an included society.

OUTCOME

Sustaining network leadership through resource commitment.

Maintaining and upholding solid corporate governance

5 NATURAL CAPITAL

INPUTS

- Energy
- Spectrum
- Land

ACTIVITIES

- Reducing carbon emission through use of sustainable sources
- Ensure a healthy and preserved environment through waste collection

OUTCOME

- Energy consumption by base station
- Waste collected
- Reduction in carbon and water consumption

TO CONNECT
FUTURE GENERATIONS

KEY ENGAGEMENT INITIATIVES

KEY STAKEHOLDER GROUP ENGAGEMENT & INITIATIVES UNDERTAKEN

GOVERNMENT & ARMS OF GOVERNMENT

ENGAGEMENT INITIATIVES UNDERTAKEN

- **Shareholder Briefing meetings**
- **Annual General Meeting**
- **Support of Government Initiatives e.g.**
  - Independence day Celebrations
  - Heroes & Defence Forces Day Commemorations
  - Cross Over Packs for Various Ministries
  - Corporate Governance Training
- **Partnerships with Uniformed Forces**
  - NetOne –ZRP Safe Cities Partnership Traffic Decongestion for CBD
  - Sponsorship of Defence forces soccer teams- Black Rhinos FC & Chapungu FC
  - Sponsorship for various defence forces initiatives e.g. ZNA/ZFZ Charity Dinners, Charity Horse Races, Fundraising Concerts, CDF Executive Interaction

REGULATORS - POTRAZ, PRAZ, EMA, NSSA, ZIMRA

ENGAGEMENT INITIATIVES UNDERTAKEN

POTRAZ
- Participation & Support for Industry Initiatives
- Moran Base Station & CIC Commissioning Events (Various)
- Girls in ICT Day – Gokomere
- World Telecoms Day – Gutu
- IDUAI – Rudhaka Stadium Marondera
- World Postal Day - Rutenga
- Cyber Security Awareness Month – Breakfast Meeting & Conference
- Sectorial Report Presentation Briefings – Quarterly
- Representation in all Industry Organising Committees

PRAZ
- PRAZ training for all NetOne Management on procurement act

EMA
- National Clean Up Programs
- CSR – Responsible Business Awards

NSSA & ZIMRA
- Compliance with all statutory obligations
- Zimra Charity Ball

SUPPLIERS & PARTNERS

EMPLOYEES

ENGAGEMENT INITIATIVES UNDERTAKEN

- Red Monday
- Staff Volunteerism – Participation in CSI Initiatives
- Zonal Staff Appreciation Events
- Women's Day and Men's Day Commemorations
- Team Building Events
- Wellness Days
- One Buzz Newsletter
- Free breast & Prostate Cancer Screening

COMMUNITY & CIVIC ORGANISATIONS

ENGAGEMENT INITIATIVES UNDERTAKEN

- Safe Cities Initiative
- Clean & Green Cities - Nationwide Tree Planting in Schools, Orphanages & Public Spaces
- Mnene Base Station Commissioning
- Sunningdale Community Hall Repainting
- Cyclode IDAI Donation to Chipinge & Chimanimani Communities
- Sponsorship of Community Soccer Teams - Highlanders and Caps Utd FC
- Harare Hospital Clean Up and Orchard Set Up

MEDIA

ENGAGEMENT INITIATIVES UNDERTAKEN

- Post AGM Media Briefing
- Press Conferences
- Press Releases & Media Interviews
- End of Year Media Braai
- High Level Media Luncheon

CUSTOMERS

- Valentines Dinner
- Mothers' Day Luncheon
- Nationwide Customer Appreciation Cocktails


IPRCZ
CERTIFICATE
OF
PUBLIC RELATIONS & COMMUNICATIONS EXCELLENCE
PROUDLY PRESENTED TO
NetOne
Best Media Relations Award
IPRCZ
CERTIFICATE
OF
PUBLIC RELATIONS & COMMUNICATIONS EXCELLENCE
PROUDLY PRESENTED TO
Netone
Corporate Social Responsibility Program of the Year Award
IPRCZ
CERTIFICATE
OF
PUBLIC RELATIONS & COMMUNICATIONS EXCELLENCE
PROUDLY PRESENTED TO
Netone
PR or Communications Campaign of the Year Award
Private Sector
M.A.Z
MAZ
This serves to confer that
NetOne
is the Best Customer Engagement and Experience of the Year Under the Exceptional Marketing Awards
2019
CSR Network Zimbabwe
DR ELDRETTE SHERENI
MAZ
This serves to confer that
NetOne
Football Sponsorship
is the 2nd Best Exceptional Corporate Responsibility Campaign of the Year Under the Exceptional Marketing Awards
2019
CERTIFICATE
OF APPRECIATION
CSR Network Zimbabwe
PROUDLY PRESENTED TO
Dr ELDRETTE SHERENI
FOR
2019 ZIMBABWE TOP CSR MANAGER OF THE YEAR AWARD
IN PARTNERSHIP WITH
CIPMZ
CHARTERED INSTITUTE OF PROJECT MANAGERS ZIMBABWE
CERTIFICATE
OF PROJECT MANAGEMENT EXCELLENCE
PROUDLY PRESENTED TO
NetOne
in recognition under the
Technology Project of the Year Award
IPRCZ
IPRCZ AWARDS
Corporate Communication Practitioner of The Year 2019
Dr. Eldrette Shereni
NETONE
IPRCZ
CERTIFICATE
OF
PUBLIC RELATIONS & COMMUNICATIONS EXCELLENCE
PROUDLY PRESENTED TO
Dr. Eldrette Shereni
in recognition under the
Corporate Communication Practitioner of the Year

ACCOLADES WON IN 2019

NetOne won several accolades both at Corporate & Individual level from various professional institutions in recognition of its sterling performance and contribution to exceptional service excellence, product innovation, stakeholder engagement as well as community impact initiatives.

CORPORATE AWARDS

CCAZ Service Excellence Awards Overall Best Telecoms Company Award
OVERALL WINNER

MAZ Customer Engagement & Customer Experience Award
OVERALL WINNER

CSR Network Zimbabwe 2019 SDG & Community Impact Award
OVERALL WINNER

CIPMZ Technology Project of the Year Shop'n'Go
OVERALL WINNER

MAZ Exceptional CSR Campaign Football Sponsorship
2ND RUNNER UP

IPRCZ Best Media Relations Award
1ST RUNNER UP

IPRCZ PR Campaign of the Year Cancer Awareness
2ND RUNNER UP

IPRCZ Corporate Social Responsibility Program of the Year Award
2ND RUNNER UP

INDIVIDUAL AWARDS

CEO Round Table Entrepreneurial CEO OF THE YEAR
MR LAZARUS MUCHENJE

CSR Network Zimbabwe Top CSR MANAGER OF THE YEAR AWARD
OVERALL WINNER - DR E SHERENI

IPRCZ Corporate Communications PRACTITIONER OF THE YEAR 2019 AWARD
OVERALL WINNER - DR E SHERENI

OUR PERFORMANCE REVIEW

DIRECTOR'S RESPONSIBILITY STATEMENT

Responsibilities of Management and Those Charged with Governance for the financial statements for the year ended 31 December 2019.

It is the Directors' responsibility to ensure that the financial statements fairly present the state of affairs of the Company. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The Directors have assessed the ability of the Company to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The inflation adjusted annual financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

While full compliance with International Financial Reporting Standards has been possible in previous periods up to 2017; only partial compliance has been achieved for the year ended 31 December 2019. This is because for the period 1 January 2019 to 22 February 2019 it was not possible to comply with the requirements of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange rates".

IFRS Conceptual Framework requires that in applying fair presentation of financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them.

IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgments, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

In the opinion of the Directors, the requirement to comply with Statutory Instrument (S.I) 33 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework. This has resulted in the adoption of accounting treatment in the current year's inflation adjusted financial statements, which deviates from that which would have been applied if the Company had been able to fully comply with IFRS.

The Company's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner which in all reasonable circumstances is above reproach.

During the period under review, there was a breakdown in controls over the Company's processing of revenue journals into the accounting and financial reporting system. These issues came to the attention of the Directors and have been addressed. The Directors confirm that the system of internal control and accounting control is now operating in a satisfactory manner.

The Company's financial statements for the year ended 31 December 2019 which are set out on pages 45 to 75 were, in accordance with their responsibilities, approved by the Board of Directors on 30 June, 2020 and are signed on its behalf by:

....	....
Ms S. Mutangadura	**Ms C. Jaisson**
ACTING CHAIRPERSON	ACTING CHIEF EXECUTIVE OFFICER

These financial statements were prepared under the supervision of:

....
Timothy Hama
ACTING CHIEF FINANCE OFFICER

INDEPENDENT AUDITOR'S REPORT

Grant Thornton
Camelsa Business Park
135 Enterprise Road, Highlands
P O Box CY2619
Causeway, Harare
Zimbabwe

T +263 4 442511-13
F +263 4 442517/496985
E info@zw.gt.com
www.grantthornton.co.zw

To the members of NetOne Cellular (Private) Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of NetOne Cellular (Private) Limited set out on pages 24 to 59, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the acCompanying financial statements do not present fairly the financial position of NetOne Cellular (Private) Limited as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of statutory instrument (S.I.) 33/2019, with an effective date of 22 February 2019. The statutory instrument provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be valued in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 – The Effects of Changes in Foreign Exchange Rates which requires that an assessment be made of the change in functional currency and that financial statements be presented at a rate that approximates the market rate. The Company had to be guided by S.I. 41/2019 which states that in the case of any inconsistency between a local pronouncement issued through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, the Company maintained its functional currency as the USD from 1 January 2019 to 22 February 2019 using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA and changed to Zimbabwe Dollar as presented in the inflation adjusted annual financial statements. This constitutes a departure from the requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates. Had the inflation adjusted annual financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Company's inability to comply with IAS 21 has been determined as significant. The effects on the inflation adjusted annual financial statements of the non-compliance with IAS 21 are considered material and pervasive to the inflation adjusted annual financial statements, taken as a whole.

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement relating to the application of IAS 29 – Financial Reporting in Hyperinflationary Economies. The PAAB advised that there is broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the Financial

Reporting in Hyperinflationary Economies Standard (IAS 29), in Zimbabwe had been met. The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019. However, as a result of the need to comply with the requirements of S.I. 33 of 2019, the changes in the general pricing power of the functional currency were applied on amounts that were not translated in terms of IAS 21 – The Effects of Changes in Foreign Exchange Rates for the period 1 January to 22 February 2019. This constitutes a departure from the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies.

Had the Company fully applied the requirements of IAS 29 on restated base numbers, many of the elements of the inflation adjusted annual financial statements would have been materially impacted and therefore the departure from the requirements of these standards is considered to be pervasive. The financial effects on the inflation adjusted annual financial statements of this departure have not been determined.

Fair value determination for assets, transactions and liabilities

The determination of fair values for assets, transactions and liabilities presented in the inflation adjusted annual financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (IESBA code), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of Matter

We draw attention to note 30 to the financial statements, which describes the uncertainties relating to the possible effects of the COVID-19 pandemic on the Company. The Company is unable to presently determine the impact of the Covid-19 pandemic on its operations in the year 2020. Our opinion is not modified in respect of this matter.

Other Matter – controls over revenue journal entries

There is no automated integration between the Company's revenue billing sub-systems and the accounting and financial reporting system to allow for real time processing of revenue transactions from the sub-systems to the financial reporting system. The Company uses journal entries to transfer data from revenue billing sub-systems to the accounting and financial reporting system.

During the period under review, there was a breakdown in controls over the Company's processing of revenue journals into the accounting and financial reporting system.

Some journals would be processed into the system without the necessary supporting documentation and / or records from the billing systems. It was also possible for journals to be processed into the accounting and financial reporting system when there were variances between the journal details and those on reports generated from billing systems. The control environment for journal entries could not be relied on to detect and / or prevent misstatement of revenue due to fraud or error.

In these circumstances, an exercise was instituted by the Board of Directors whereby management traced all revenue transactions for the year to the originating journal entry vouchers and / or billing records. Our audit of revenue was therefore performed on the basis of the re-traced revenue amounts above and adjustments were passed to reverse fictitious revenue entries not supported by the corresponding billing system records. Our opinion is not modified in respect of this matter.

The purpose of our audit was to express an opinion on the financial statements and not to express an opinion on the operational effectiveness of internal controls. Management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

Key Audit Matters

This section of our Auditor's Report is intended to describe the matters selected from those communicated with Those Charged with Governance that, in our professional judgment, were of most significance in our audit of the financial statements. Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no such matters to report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the Basis for Adverse Opinion paragraph, the inflation adjusted annual financial statements have been properly prepared in compliance with the requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).

The engagement partner on the audit resulting in this Independent Auditor's Report is Farai Chibisa.

Farai Chibisa
Partner
Registered Public Auditor (PAAB No: 0547)

Grant Thornton **26 June 2020**
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE


TO CONNECT
OUR LIVES

STATEMENT OF FINANCIAL POSITION
as at 31 December 2019

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
ASSETS					
Non-current assets					
Property and equipment	4	4 132 428 481	1 535 159 631	4 132 428 479	278 310 303
Intangible assets	5	1 921 952 023	669 964 165	1 921 952 022	121 458 333
Financial assets at amortised cost	6	270 087	-	270 087	-
		6 054 650 591	**2 205 123 796**	**6 054 650 589**	**399 768 636**
Current assets					
Inventories	7	90 382 403	12 954 271	22 475 578	2 348 490
Trade and other receivables	8	383 210 870	312 461 917	355 307 400	56 646 468
Financial assets at amortised cost	6	-	62 651 307	-	11 358 105
Bank and cash balances	9	710 985 194	231 118 172	710 985 194	41 899 596
		1 184 578 467	**619 185 667**	**1 088 768 172**	**112 252 659**
Total assets		**7 239 229 058**	**2 824 309 463**	**7 143 418 761**	**512 021 295**
EQUITY AND LIABILITIES					
Equity					
Share capital		-	-	-	-
Accumulated losses	10	(4 788 854 208)	(565 484 869)	(2 966 284 557)	(67 562 158)
Revaluation Reserve		3 849 527 349	-	4 310 525 176	-
Functional Currency Change Reserve		2 255 640 661	-	390 762 719	-
		1 316 313 802	(565 484 869)	1 735 003 338	(67 562 158)
Non-current liabilities					
Borrowings: long term portion	11.1	4 033 614 019	1 249 808 694	4 033 614 019	226 578 806
Deferred tax liability	12	617 264 757	375 136 618	102 764 923	33 053 773
Lease liability	13	53 170 216	-	53 170 216	-
Long term payables	14	132 300 000	818 114 235	132 300 001	148 316 576
		4 836 348 992	2 443 059 547	4 321 849 159	407 949 155
Current liabilities					
Trade and other payables		499 589 454	636 712 592	499 589 454	115 430 129
Deferred revenue		11 123 156	19 550 585	11 123 156	3 544 341
Borrowings: short term portion		575 853 654	280 955 915	575 853 653	50 934 720
Bank overdraft		-	9 515 693	-	1 725 108
		1 086 566 264	946 734 785	1 086 566 263	171 634 298
Total liabilities		**5 922 915 256**	**3389 794 332**	**5 408 415 422**	**579 583 453**
TOTAL EQUITY AND LIABILITIES		**7 239 229 058**	**2 824 309 463**	**7 143 418 760**	**512 021 295**

....
Ms S. Mutangadura
ACTING CHAIRPERSON

....
Ms C. Jaisson
ACTING CHIEF EXECUTIVE OFFICER

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	**2019 ZWL**	2018 ZWL	**2019 ZWL**	2018 ZWL
Revenue	16	971 319 826	974 585 052	457 628 300	119 190 201
Cost of sales	17	(218 410 696)	(262 316 219)	(95 931 118)	(31 672 964)
Gross profit		**752 909 130**	**712 268 833**	**361 697 182**	**87 517 237**
Other income	18	13 549 157	60 081 225	5 174 944	7 434 982
Marketing and distribution expenses		(38 587 767)	(49 118 355)	(21 718 163)	(6 019 192)
Network operating expenses		(179 967 801)	(140 076 344)	(93 223 513)	(16 938 724)
Administration expenses		(227 330 272)	(263 487 568)	(113 168 179)	(33 835 914)
Earnings before interest, tax, depreciation and amortisation		**320 572 447**	**319 667 791**	**138 762 271**	**38 158 389**
Unrealised exchange (losses)/ gains		(3 576 020 921)	79 585 303	(3 799 268 512)	12 812 137
Depreciation, amortisation and impairment		(169 787 007)	(254 905 506)	(72 972 122)	(30 458 379)
(Loss)/Profit before interest and tax		**(3 425 235 481)**	**144 347 588**	**(3 733 478 363)**	**20 512 147**
Net finance costs	19	(58 552 791)	(77 689 947)	(45 831 848)	(8 742 632)
(Loss)/Profit before monetary adjustments	20	**(3 483 788 272)**	**66 657 641**	**(3 779 310 211)**	**11 769 515**
Net monetary loss		(1 908 756 376)	76 691 876	-	-
(Loss)/Profit before tax		**(5 392 544 648)**	**143 349 517**	**(3 779 310 211)**	**11 769 515**
Income tax expense	21	1 169 175 309	(24 094 034)	880 587 812	(1 497 699)
(Loss)/Profit for the year		**(4 223 369 339)**	**119 255 483**	**(2 898 722 399)**	**10 271 816**
Other comprehensive income:		-	-	-	-
Items that may be reclassified to profit or loss					
Items that may not be reclassified to profit or loss					
Foreign Currency Conversion		2 255 640 661	-	390 762 719	-
Revaluation of property and equipment		3 453 444 516	-	3 453 444 516	-
Revaluation of intangible asset		1 807 368 689	-	1 807 368 689	-
Income tax relating to items that may be reclassified	21	(1 411 285 856)	-	(950 288 029)	-
Other comprehensive income net of tax		**6 105 168 010**	**-**	**4 701 287 895**	**-**
Total comprehensive income for the year		**1 881 798 671**	**119 255 483**	**1 802 565 497**	**10 271 816**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Share Capital ZWL	Foreign Currency Reserve ZWL	Revaluation Reserve ZWL	Accumulated Losses ZWL	Total ZWL
INFLATION ADJUSTED					
Balance at 1 January 2018	**-**	**-**	**-**	**(684 740 352)**	**(684 740 352)**
Comprehensive profit for the year	-	-	-	119 255 483	119 255 483
Balance at 31 December 2018	**-**	**-**	**-**	**(565 484 869)**	**(565 484 869)**
Loss for the year	-	-	-	(4 223 369 339)	(4 223 369 339)
Other comprehensive income for the year	-	2 255 640 661	3 849 527 349	-	6 105 168 010
Balance at 31 December 2019	**-**	**2 255 640 661**	**3 849 527 349**	**(4 788 854 208)**	**1 316 313 802**
HISTORICAL					
Balance at 1 January 2018	**-**	**-**	**-**	**(77 833 974)**	**(77 833 974)**
Comprehensive profit for the year	-	-	-	10 271 816	10 271 816
Balance at 31 December 2018	**-**	**-**	**-**	**(67 562 158)**	**(67 562 158)**
Loss for the year	-	-	-	(2 898 722 399)	(2 898 722 399)
Other comprehensive income for the year	-	390 762 719	4 310 525 176	-	4 701 287 895
Balance at 31 December 2019	**-**	**390 762 719**	**4 310 525 176**	**(2 966 284 557)**	**1 735 003 338**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	Notes	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss/ (Profit) before tax		**(5 392 544 648)**	**143 349 517**	**(3 779 310 211)**	**11 769 515**
Adjustments for:					
Monetary gain/loss		1897 112 755	(76 691 876)	-	-
Depreciation of property and equipment		147 225 279	198 052 360	66 097 122	23 583 379
Amortisation of intangible assets		22 561 728	56 853 146	6 875 000	6 875 000
Interest expense		79 910 970	46 577 438	49 524 375	6 940 972
Interest expense - Finance lease		15 529 150	-	5 503 371	-
Unrealised exchange (gains) /losses	11.4	4 185 136 757	(79 585 303)	4 283 053 372	(12 812 137)
Profit on disposal of property and equipment		-	(943 655)	-	(108 120)
Other Adjustments		342 735 328	(54 053 846)		
Cash flows before changes in working capital		**1 297 667 319**	**233 557 781**	**631 743 029**	**36 248 609**
Changes in working capital					
Increase /(dcrease) in inventories		(77 428 132)	1 611 362	(20 127 088)	292 126
Increase /(dcrease) in trade and other receivables		70 748 952	17 813 701	(298 660 932)	2 961 740
Increase /(dcrease) in trade and other payables		(820 372 555)	(25 633 973)	373 581 163	(15 318 871)
Cash flows generated from operating activities		**470 615 584**	**227 348 871**	**686 536 172**	**24 183 604**
Income tax paid		-	(8 215 552)	-	(3 173 196)
Net cash flows generated from operating activities		**470 615 584**	**219 133 319**	**686 536 172**	**21 010 408**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment		(15 838 608)	(124 856 439)	(9 111 191)	(16 615 319)
Proceeds from disposal of property and equipment		-	934 491	-	108 120
Increase in financial asset at amortised cost		62 381 220	(62596 333)	11 088 018	(475 164)
Net cash utilised in investing activities		46 542 612	(186 518 281)	1 976 827	(16 982 363)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		6 707 742	57 116 888	3 000 000	10 737 073
Repayment of borrowings		(15 066 723)	(22 434 770)	(2 574 027)	(2 935 316)
Interest paid-borrowings		(2 337 808)	(5570 366)	(1 049 574)	(639 304)
Lease payments		(17 078 692)	-	(17 078 692)	-
Net cash generated from financing activities		**(27 775 481)**	**29 111 752**	**(17 702 293)**	**7 162 453**
Net increase/decrease in cash and cash equivalents		**489 382 715**	**61 726 790**	**670 810 706**	**11 190 498**
Cash and cash equivalents at beginning of the year		**221 602 479**	**159 875 689**	**40 174 488**	**28 983 990**
Net cash and cash equivalents at end of the year	9	**710 985 194**	**221 602 479**	**710 985 194**	**40 174 488**

NOTES TO THE **FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

1. GENERAL INFORMATION

Nature of business

NetOne Cellular (Private) Limited is involved in the provision of mobile telecommunications and related value-added services. The Company is incorporated and domiciled in Zimbabwe. The address of its registered office is 16th Floor, Kopje Plaza Building, 1 Jason Moyo Avenue, Harare.

1.1 Presentation currency

The Company has in previous financial periods adopted to United States Dollar as its presentation currency and functional currency. For the 2019 financial statements, in order to comply with local laws and regulations, particularly S.I. 142 of 2019, and based on the guidance of the Public Accountants and Auditors Board, the Company has adopted the Zimbabwe Dollar (ZWL) as its functional and presentation currency.

2. STATEMENT OF COMPLIANCE

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are based on statutory records that are maintained under the historical cost convention.

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (Collectively IFRS) issued by the International Accounting Standards Board (IASB).

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies. The areas where significant judgement and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

Significant Judgement and Estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the acCompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

New standards, interpretations and amendments effective from 1 January 2019, and that have had a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

2. STATEMENT OF COMPLIANCE (continued)

2.1 New and revised standards and interpretations-Adopted

The following new standards, amendments and interpretations that are effective for the first time in these financial statements had a material effect on the Company's financial statements:

- IFRS 16: Leases (Effective from periods beginning on or after 1 January 2019).
- Amendments to IFRS 9: Financial Instruments (Effective for periods beginning on or after 1 January 2019).
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Effective from periods beginning on or after 1 January 2019).
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019).
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1 January 2019).

Annual Improvements to IFRSs 2015-2017 Cycle (IFRS 3 Business Combinations and IFRS 11 Joint) Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing Costs) (effective January 2019).

New standards, interpretations and amendments not yet effective and not early adopted

The following new standards, amendments and interpretations, which have not been applied in these financial statements and are unlikely to have material effect on the Company's future financial statements:

- IFRS 17 Insurance Contracts (effective 1 January 2021).

3. SUMMARY OF SIGNIFICANT POLICIES

3.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognised net of value-added tax, returns, rebates and discounts.

CONTRACT PRODUCTS

Connection fees
Connection fees are recognised as revenue when the entity satisfies the performance obligation which is the date it provides connection to the customer.

Access revenue
Access revenue which includes voice, sms and data is recognised as revenue when the entity satisfies the performance obligation which is the date it provides access to the network to the customer. The Company recognises the expected amount of access revenue in proportion to network services provided versus the total expected network services to be provided. Any unused access revenue is recognised when the unused value of network services expire or when usage thereof becomes remote.

Airtime
Post-paid revenue is generated from customers with contracts to receive mobile services who then are billed based on their usage at the end of the month. The entity therefore satisfies the performance obligation upon providing network services as per contract. Revenue is recognised on usage basis at the end of the month.

PREPAID PRODUCTS

Airtime
Revenue on airtime sales is recognised as and when a customer has utilised the Company's services, that is upon

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.1 Revenue recognition (continued)

PREPAID PRODUCTS (continued)

Airtime (continued)

usage. This is the moment when the Company would have satisfied its performance obligation of providing a communication service to a customer.

Simcards
Revenue for sim cards is recognised as and when the entity has transferred control of the sim card to the customer.

Interconnect Services

Interconnect Services Revenue
Interconnect services revenue is recognised when the entity satisfies the performance obligation that is when interconnection services have been rendered.

Interest income
Interest income is recognised as revenue on an accrual basis using the effective interest rate method.

3.2 Property and equipment

The Company voluntarily changed its accounting policy for determining the carrying amount of property and equipment from the cost model to the revaluation model with effect from 1 January 2019. The related accounting policies are summarised below.

Property and equipment held for use in the production or supply of goods or services are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on properties is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is recognised in profit or loss.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.2 Property and equipment (continued)

Depreciation is recognised so as to write off the valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is provided at the following rates on a straight-line basis:

Network Infrastructure	10-30 years
Motor vehicles	5 years
Furniture and fittings	10 years
Office equipment	10 years
Computer equipment	3 years
Buildings	40 years
Other assets	3 -10 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.3 Intangible assets

The Company voluntarily changed its accounting policy for determining the carrying amount of intangible assets from the cost model to the revaluation model. The change was with effect from 1 January 2019. The related accounting policies are summarised below. Externally acquired intangible assets are initially recognised at cost. After initial recognition, intangible assets are carried at revalued amounts,being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on intangible assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

If an intangible asset in a class of revalued intangible assets cannot be revalued because there is no active market for the asset, the asset is carried at its cost less any accumulated amortisation and impairment losses. If the fair value of a revalued intangible asset can no longer be measured by reference to an active market, the carrying amount of the asset shall be its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. The fact that an active market no longer exists for a revalued intangible asset may indicate that the asset may be impaired and that it needs to be tested in accordance with IAS 36 Impairment of Assets.

Cost and revaluation model
Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.3 Intangible assets (continued)

Cost and revaluation model (continued)
The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

The intangible assets with a finite useful life are amortised on a straight line basis over their useful lives as follows:

Operating Licence	20 years

3.4 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.4 Impairment of non-financial assets (continued)

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.5 Inventories

Inventories are initially measured at cost and subsequently measured at the lower of cost and net realisable value, after making allowance for obsolete inventory. Net realisable value is the expected selling price in the ordinary course of business minus any costs of completion, disposal, and transportation. The basis of determining cost is the weighted average method.

3.6 Financial instruments

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, at amortised cost or financial assets at fair value through OCI. The classification depends on both;

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

The Company's accounting policy for each category of financial asset held is as follows:

Amortised cost
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial assets at fair value through other comprehensive income "OCI"
The Company`s financial assets at fair value through OCI comprise debt securities. The Company's objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities on or before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Accordingly, both collecting contractual cashflows and sales are integral to achieving the objective of the business model. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.6 Financial instruments (continued)

Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either **a)** the Company has transferred substantially all the risks and rewards of the asset, or **b)** the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.
For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in the collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive income. Interest income (recorded as finance income in the statement of comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.6 Financial instruments (continued)

Financial assets (continued)

Financial assets carried at amortised cost (continued)
Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Financial assets at fair value through other comprehensive income "OCI"
For Financial assets at fair value through OCI, the Company assesses at each reporting date whether there is objective evidence that an investment or a Company of investments is impaired.

In the case of equity investments classified as a financial asset at fair value through OCI, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. 'Significant' is evaluated against the original cost of the investment and prolonged' against the period in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and
the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from OCI and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as financial assets at fair value through OCI, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.
Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. Subsequent measurement. The measurement of financial liabilities depends on their classification, as described below:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.6 Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through other comprehensive income "OCI" (continued)

Initial recognition and measurement (continued)

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method "EIR". Gains and losses are recognised in profit or loss when the liabilities

Loans and borrowings (continued)
are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Financial guarantee contracts
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortization.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

3.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown separate from borrowings in current liabilities on the statement of financial position.

3.8 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.7 Cash and cash equivalents (continued)

Financial liabilities

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3.9 Foreign currency transactions and balances

The Company's financial statements are presented in Zimbabwe dollars, which is also the functional currency.

Transactions in currencies other than Company's functional currency are initially recorded at the spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on re-translation of non-monetary items is treated in line with the recognition of the gain or loss on change in fair value of the item i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and a reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3.11 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.12 Leases: Impact of IFRS 16 adption

IFRS 16 Leases was adopted on 1 January 2019. The Company has applied the following expedients in relation to

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.12 Leases: Impact of IFRS 16 adption (continued)

the adoption of IFRS 16, in terms of the transitional provisions of that standard:

- The right of use assets were measured at an amount equal to the lease liability at adoption, and initial direct costs incurred when obtaining leases were excluded from this measurement. Lease prepayments and accruals previously recognised under IAS 17 were added and deducted, respectively, from the value of the right of use assets on adoption in determining the cumulative retrospective impact.
- A single discount rate was applied to a portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment.

The primary impacts on the Company's primary financial statements, and the key causes of the movements recorded in the statement of financial position on 1 January 2019, as a result of applying the IFRS 16 ('current') accounting policy in place of the previous policy under IAS 17 are:

As a lessee
- Under IAS 17, lessees classified leases as either operating or finance leases.–Operating lease costs were expensed on a straight-line basis over the period of the lease.–Finance leases resulted in the recognition, in the statement of financial position, of an asset and a corresponding liability for lease payments, at present value.
- Under IFRS 16 all lease agreements give rise to the recognition of a 'right of use asset' representing the right to use the leased item and a liability for any future lease payments (see pages 27 to 28) over the 'reasonably certain' period of the lease, which may include future lease periods for which the Company has extension options.
- Lessee accounting under IFRS 16 is similar to finance lease accounting for lessees under IAS 17; lease costs are recognised in the form of depreciation of the right of use asset and finance costs on the lease liability which is generally discounted at the incremental borrowing rate, although the interest rate implicit in the lease is used when it is more readily determinable. Interest charges will typically be higher in the early stages of a lease and will reduce over the term.
- Under IFRS 16 inflows from operating activities and payments classified within cash flow from financing activities both increase, as payments made at both lease inception and subsequently are characterised as repayments of lease liabilities and interest. Under IAS 17 operating lease payments were treated as operating cash outflows. Net cash flow is not impacted by the change in policy.

As a lessor
Lessor accounting under IFRS 16 is similar to IAS 17.

The expedients applied at adoption, above, have resulted in reclassifications of lease-related prepayments, accruals and provisions as at 1 January 2019 to the right of use assets or lease liabilities.

3.13 Leases: IFRS 16 application

As a lessee
When the Group leases an asset a 'right of use asset' is recognised for the leased item and a lease liability is recognised for any lease payments due at the lease commencement date. The right of use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and dismantling costs, less any lease incentives received. Right of use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Company is 'reasonably certain' to exercise any extension options. The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment. If right of use assets are

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.13 Leases: IFRS 16 application

As a lessee (continued)
considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and are usually discounted using the incremental borrowing rate. Lease payments included in the lease liability include:

- fixed payments and in-substance fixed payments during the term of the lease;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when:
- there is a change in the residual value guarantee;
- there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase);
- the Group's assessment of the lease term changes;
- lease modifications occur that are not treated as separate leases.

Any change in the lease liability as a result of these changes also results in a corresponding change in the right of use asset.

As a lessor
Where the Company is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise, the lease is an operating lease. Where the Company is an intermediate lessor, the interest in the head lease and the sub-lease is accounted for separately and the lease classification of a sub-lease is determined by reference to the right of use asset arising from the head lease.

Income from operating leases is recognised on a straight-line basis over the lease term. Profit or loss from finance leases is recognised in full at lease commencement. Lease income is recognised as other revenue for transactions that are part of the Company's ordinary activities.

Critical accounting judgments and key sources of estimation relating to IFRS 16

Lease identification
Whether the arrangement is considered a lease or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the Company and the counter-party to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement. Control exists if the Company obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time.

An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The scenarios requiring the greatest judgement include those where the arrangement is for the use of fibre or other fixed telecommunication lines and rented space on which our base stations sit. Generally, where the

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.13 Leases: IFRS 16 application (continued)

Lease identification (continued)
Company has exclusive use of a physical line it is determined that the Company can also direct the use of the line and therefore leases will be recognised.

The following arrangements have been identified as lease agreements:
- Bandwidth lease
- Retail Shops
- Office Buildings

As a lessee, optional periods are included in the lease term if the Company is reasonably certain it will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset.

Where a leased asset is highly customised (either when initially provided or as a result of leasehold improvements), e.g Flagshops, or it is impractical or uneconomic to replace then the Company is more likely to judge that lease extension options are reasonably certain to be exercised. Where extension options are included the greater the value of the right of use asset and lease liability that will be recognised. The normal approach adopted for lease term by asset class is described below.

The lease terms can vary significantly by type and use of asset. In addition, the exact lease term is subject to the non-cancellable period and rights and options in each contract. In most instances the Company has options to renew or extend leases for additional periods after the end of the lease.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

3.14 Employee benefits

Employee benefits are all forms of consideration given in exchange for services rendered by employees or for the termination of employment. The classification, recognition and measurement of these employee benefits is as follows;

a) Short-term employee benefits
Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The Company's short term employee benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid. The undiscounted amount of all short-term employee benefits expected to be paid in exchange for service rendered are recognised as an expense or as part of the cost of an asset during the period in which the employee renders the related service. The Company recognizes the expected cost of bonuses only when the Company has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

b) Post-employment benefits
Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Post-employment benefits comprise retirement benefits that are provided for Company employees through an independently administered defined contribution fund and by the National Social Security Authority (NSSA),

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.14 Employee benefits (continued)

b) Post-employment benefits (continued)
which is also a defined contribution fund from the Company's perspective. Payments to the defined contribution fund and to the NSSA scheme are recognised as an expense when they fall due, which is when the employee renders the service. The Company has no liability for Post- employment Retirement Benefit Funds once the current contributions have been paid at the time the employees render service. During the year the Company contributed to the Company defined contribution fund and to the NSSA scheme.

3.15 Deferred revenue

Deferred revenue relates to airtime bought and not yet used by subscribers at the reporting date. The amount is recognised as a liability in the statement of financial position and only as revenue once it is utilized.

3.16 Income tax

Current tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.
Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re- assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.16 Income tax (continued)

Deferred tax (continued)
tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.17 SIGNIFICANT ACCOUNTING JUDGMENTS; ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgments include:

Trade and other receivables
Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. In determining these probabilities and whether an impairment loss should be recorded in profit or loss, the Group makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the trade and other receivables.

Impairment testing
The Company assesses its assets for impairment at each reporting date. Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying amount of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Provisions and contingency liabilities
The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

Residual values of property and equipment
During the year management assessed the residual values of property, plant and equipment. Residual values of each asset category have been assessed by considering the fair value of the assets after taking into account age, usage and obsolescence. These residual values are reassessed each year and adjustments are made where appropriate. The valuation methods adopted in this process involves significant judgment and estimation.

Useful lives of property, plant and equipment
A review of the estimated remaining lives of all network equipment was performed using the engineering expertise within the business with reference to published industry benchmarks.

This review considered the following factors, at a minimum; the age of the equipment, technological advancements, current use of the equipment, and planned network upgrade programmers. The determination of the remaining estimated useful lives of the network equipment is deemed to be a significant area of judgment due to its highly specialized nature.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT POLICIES (continued)

3.17 SIGNIFICANT ACCOUNTING JUDGMENTS; ESTIMATES AND ASSUMPTIONS (continued)

Property and equipment

Revaluation of property, plant and equipment
The Company changed the property, plant and equipment accounting policy from the cost model to the revaluation model with effect from 1 January 2019. Changes in fair value net of deferred tax are recognised in other comprehensive income. The fair value of property, plant and equipment was determined by the management using indexation approach. The key assumptions used included the replacement costs of the assets and the changes in the purchasing power of the functional currency.

3.18 Going concern

The Company assesses its going concern status each reporting date. Going concern assessment is an area involving management judgement on the Company's future revenue, cashflow and the country's economic conditions.

3.19 Hyperinflation (Adoption of IAS 29)

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe for reporting periods on or after 1 July 2019. These financial statements have been prepared in accordance with IAS 29 together with International Financial reporting Interpretations Committee ("IFRIC") 7 as if the economy has been in hyperinflation from 1 January 2019.
The financial statements (including comparative amounts) of the Company, whose functional currency is the currency of hyperinflationary economy, are adjusted in terms of the measuring unit current at the end of the reporting period.

The carrying amounts of non-monetary assets and liabilities were adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. On initial application of hyperinflation, prior period gains and losses were recognised directly in equity.

Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in the income statement arerestated by applying the change in the general price index (CPI)from the dates when the items of income and expenses were initially earned or incurred.

As at 1 January 2019, the components of equity, except retained earnings, were restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings.

Restated retained earnings were derived from all other amounts in the restated statement of financial position.

On 31 December 2019, all components of equity were restated by applying a general price index from the beginning of the period or the date of contribution, if later. All items in the statement of cash flows are expressed in terms of the general price index at the date of occurrence.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

4. PROPERTY AND EQUIPMENT

	Motor vehicles ZWL	Office Equipment ZWL	Computer Equipment ZWL	Furniture and Fittings ZWL	Land and Buildings ZWL	Capital Work in Progress ZWL	Network Infrastructure ZWL	Right of Use Asset ZWL	Other Assets ZWL	Total ZWL
INFLATION ADJUSTED										
COST										
At 1 January 2018	**17 160 596**	**1 826 601**	**38 725 828**	**13 892 719**	**52 650 363**	**17 053 244**	**2 191 771 110**	**-**	**5 848 681**	**2 338 929 142**
Additions	4 628 040	110 728	1 954 396	789 891	120 012	85 995 130	(2243 236)	-	295 139	91 650 100
Transfers from work in progress	-	-	8 455 769	165 563	358 656	(23 944 096)	14 631 725	-	332 383	-
Disposals	(3393 206)	-	-	-	-	-	-	-	-	(3 393 206)
At 31 December 2018	**18 395 430**	**1 937 329**	**49 135 993**	**14 848 173**	**53 129 031**	**79 104 278**	**2204 159 599**	**-**	**6 476 203**	**2 427 186 036**
Additions	3 596 099	213 882	4 301 894	4 168 418	1 027 181	(1 932 559)	488 620	-	5 206 869	17 070 404
Change in functional currency	27 593 158	2 888 939	72 194 700	21 694 781	79 693 548	-	3 306 239 420	-	9 832 334	3 520 136 880
Transfers from work in progress	-	-	15 773	(647 751)	1 847 604	(1932 559)	3 390	-	713 543	-
Adoption of IFRS 16	-	-	-	-	-	-	-	64 745 537	-	64 745 537
Revaluation	47 600 700	4 983 681	124 542 415	37 425 997	137 478 594	-	5 703 562 607	-	16 961 673	6 072 555 667
Inflation Adjustment	(40 566 754)	(4 033 636)	(101 103 102)	(31 392 609)	(111 313 142)	(61 303 149)	(4 511 444 918)	-	(15 929 943)	(4 877 087 253)
At 31 December 2019	**56 618 633**	**5 990 195**	**149 087 673**	**46 097 009**	**161 862 816**	**13 936 011**	**6 703 008 718**	**64 745 537**	**23 260 679**	**7 224 607 271**
ACCUMULATED DEPRECIATION										
At 1 January 2018	(12 350 285)	(1 276 408)	(20 684 636)	(8 138 996)	(6 007 310)	-	(713 517 701)	-	(3358 356)	(765 333 692)
Depreciation charge for the year	(1 966 460)	(104 517)	(7 239 369)	(923 627)	(1 048 663)	-	(118 286 213)	-	(517 070)	(130 085 919)
Disposals	3 393 206	-	-	-	-	-	-	-	-	3 393 206
At 31 December 2018	**(10 923 539)**	**(1 380 925)**	**(27 924 005)**	**(9 062 623)**	**(7 055 973)**	**-**	**(831 803 914)**	**-**	**(3 875 426)**	**(892 026 405)**
Depreciation charge for the year	(2 459 552)	(147 222)	(4 595 869)	(1 119 215)	(1 035 318)	-	(115 277 572)	(21 593 466)	(997 064)	(147 225 278)
Change in functional currency	(17 356 028)	(2 094 729)	(42 747 660)	(13 820 636)	(10 849 680)	-	(1 260 010 188)	-	(5 944 042)	(1 352 822 963)
Revaluation	(33 871 247)	(3 826 117)	(82 507 256)	(25 834 178)	(20 982 145)	-	(2 440 688 946)	-	(11 401 262)	(2 619 111 151)
Inflation Adjustment	24 681 756	2 948 592	60 502 884	19 339 140	15 261 578	-	1779 598 428	8 092 790	8 581 839	1 919 007 007
At 31 December 2019	**(39 928 610)**	**(4 500 401)**	**(97 271 906)**	**(30 497 512)**	**(24 661 538)**	**-**	**(2 868 182 192)**	**(13 500 676)**	**(13 635 955)**	**(3 092 178 790)**
CARRYING AMOUNT										
At 31 December 2019	**16 690 023**	**1 489 794**	**51 815 767**	**15 599 497**	**137 201 278**	**13 936 011**	**3 834 826 526**	**51 244 861**	**9 624 724**	**4 132 428 481**
At 31 December 2018	**7 471 891**	**556 404**	**21 211 988**	**5 785 550**	**46 073 058**	**79 104 278**	**1 372 355 685**	**-**	**2 600 777**	**1 535 159 631**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

4. PROPERTY AND EQUIPMENT (continued)

	Motor vehicles ZWL	Office Equipment ZWL	Computer Equipment ZWL	Furniture and Fittings ZWL	Land and Buildings ZWL	Capital Work in Progress ZWL	Network Infrastructure ZWL	Right of Use Asset ZWL	Other Assets ZWL	Total ZWL
HISTORICAL										
COST										
At 1 January 2018	**3 111 058**	**331 146**	**7 020 636**	**2 518 622**	**9 545 026**	**3 091 596**	**397 347 917**	**-**	**1 060 312**	**424 026 313**
Additions	839 021	20 074	354 314	143 200	21 757	15 590 125	(406 678)	-	53 506	16 615 319
Transfers from work in progress	-	-	1 532 953	30 015	65 021	(4 340 844)	2 652 597	-	60 258	-
Disposals	(615 157)	-	-	-	-	-	-	-	-	(615 157)
At 31 December 2018	**3 334 922**	**351 220**	**8 907 903**	**2 691 837**	**9 631 804**	**14 340 877**	**399 593 836**	**-**	**1 174 076**	**440 026 475**
Additions	680 625	131 556	2 545 972	1 848 066	112 809	123 322	459 732	-	3 209 109	9 111 191
Change in functional currency	5 002 385	523 738	13 088 234	3 933 064	14 447 706	-	599 390 758	-	1 782 512	638 168 397
Transfers from work in progress	-	-	3 148	198 044	191 902	(528 188)	1 785	-	133 310	-
Adoption of IFRS 16	-	-	-	-	-	-	-	64 745 538	-	64 745 538
Revaluation	47 600 700	4 983 681	124 542 415	37 425 997	137 478 594	-	5 703 562 607	-	16 961 673	6 072 555 667
At 31 December 2019	**56 618 632**	**5 990 195**	**149 087 672**	**46 097 008**	**161 862 815**	**13 936 011**	**6 703 008 718**	**64 745 538**	**23 260 680**	**7 224 607 268**
ACCUMULATED DEPRECIATION										
At 1 January 2018	(2 238 993)	(231 401)	(3 749 934)	(1 475 525)	(1 089 070)	-	(129 354 188)	-	(608 839)	(138 747 950)
Depreciation charge for the year	(356 501)	(18 948)	(1 312 431)	(167 445)	(190 113)	-	(21 444 201)	-	(93 740)	(23 583 379)
Disposals	615 157	-	-	-	-	-	-	-	-	615 157
At 31 December 2018	**(1 980 337)**	**(250 349)**	**(5 062 365)**	**(1 642 970)**	**(1 279 183)**	**-**	**(150 798 389)**	**-**	**(702 579)**	**(161 716 172)**
Depreciation charge for the year	(930 538)	(44 179)	(1 952 528)	(514 810)	(433 263)	-	(48 266 615)	(13 500 676)	(454 513)	(66 097 122)
Change in functional currency	(3146 488)	(379 755)	(7 749 757)	(2 505 554)	(1966 947)	-	(228 428 243)	-	(1077 600)	(245 254 344)
Revaluation	(33871 247)	(3826 117)	(82 507 256)	(25 834 178)	(20982 145)	-	(2 440 688 946)	-	(11401 262)	(2619 111 151)
At 31 December 2019	**(39 928 610)**	**(4 500 400)**	**(97 271 906)**	**(30 497 512)**	**(24 661 538)**	**-**	**(2 868 182 193)**	**(13 500 676)**	**(13 635 954)**	**(3 092 178 789)**
CARRYING AMOUNT										
At 31 December 2019	**16 690 022**	**1 489 795**	**51 815 766**	**15 599 496**	**137 201 277**	**13 936 011**	**3 834 826 525**	**51 244 862**	**9 624 726**	**4 132 428 479**
At 31 December 2018	**1 354 585**	**100 871**	**3 845 538**	**1 048 867**	**8 352 621**	**14 340 877**	**248 795 447**	**-**	**471 497**	**278 310 303**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

4. PROPERTY AND EQUIPMENT (continued)

4.1 Impairment of assets

During the year the Company carried out an impairment assessment and no items of property, plant and equipment were considered to be impaired.

4.2 Assets pledged as security

Loans with local institutions have Notarial General Covering Bond on property and equipment worth ZWL$ 11 250 000. The carrying amount of the loans is ZWL$ 5 618 644 (Prior year ZWL$ 5 132 476). Details of the collatarised debt is provided on note 10.

5. INTANGIBLE ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	Operating Licence ZWL	Total ZWL	Operating Licence ZWL	Total ZWL
COST				
At 1 Janauary 2018	758 450 000	758 450 000	137 500 000	137 500 000
At 31 December 2018	**758 450 000**	**758 450 000**	**137 500 000**	**137 500 000**
Revaluation	2 168 842 500	2 168 842 500	2 168 842 500	2 168 842 500
Inflation Adjustment	(620 950 000)	(620 950 000)	-	-
At 31 December 2019	**2 306 342 500**	**2 306 342 500**	**2 306 342 500**	**2 306 342 500**
ACCUMULATED IMPAIRMENT AND AMORTISATION				
At 1 January 2018	(50 563 335)	(50 563 335)	(9 166 667)	(9 166 667)
Amortisation charge for the year	(37 922 500)	(37 922 500)	(6 875 000)	(6 875 000)
At 31 December 2018	**(88 485 835)**	**(88 485 835)**	**(16 041 667)**	**(16 041 667)**
Revaluation	(361 473 811)	(361 473 811)	(361 473 811)	(361 473 811)
Amortisation charge for the year	(22 561 728)	(22 561 728)	(6 875 000)	(6 875 000)
Inflation Adjustment	88 130 897	88 130 897	-	-
At 31 December 2019	**(384 390 477)**	**(384 390 477)**	**(384 390 478)**	**(384 390 478)**
CARRYING AMOUNT				
At 31 December 2019	**1 921 952 023**	**1 921 952 023**	**1 921 952 022**	**1 921 952 022**
At 31 December 2018	**669 964 165**	**669 964 165**	**121 458 333**	**121 458 333**

The Operating Licence was issued by the telecommunications regulator and has a remaining useful life of 16.75 years (2018: 17.75 years).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

6. FINANCIAL ASSET AT ARMOTISED COST

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Opening balance	62 651 307	60 030 303	11 358 105	10 882 941
Disposal	(62 651 307)	-	(11 358 105)	-
Additions	270 087	-	270 087	-
Interest accrued	-	2 621 005	-	475 164
Closing balance	270 087	62 651 307	270 087	11 358 105
Current	-	62 651 307	-	11 358 105
Non-current	270 087	-	270 087	-
	270 087	**62 651 307**	**270 087**	**11 358 105**

7. INVENTORIES

	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Fuel	3 156 335	2 172 637	3 081 008	393 879
Phonepacks	42 477 949	1 670 134	7 700 861	302 780
Recharge cards	11 625 498	1 567 884	6 120 458	284 243
Simcards	33 183 156	1 211 645	6 430 479	219 660
Stationery	7 030 843	852 983	1 274 627	154 638
Transmission equipment spares	5 467 807	5 744 434	991 263	1 041 413
	102 941 588	13 219 717	25 598 696	2 396 613
Provision for obsolete stocks	(12 559 184)	(265 446)	(3 123 118)	(48 123)
Net inventories	**90 382 403**	**12 954 271**	**22 475 578**	**2 348 490**

The Directors are of the opinion that the inventory amounts are recorded at values that are not in excess of their recoverable amounts. All inventories are expected to be recovered within twelve (12) months.

8. TRADE AND OTHER RECEIVABLES

	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Trade	212 883 538	230 724 798	212 883 538	41 828 281
Allowance for credit losses	(74 559 577)	(120 569 956)	(74 559 577)	(21 858 222)
Trade receivables-net	138 323 961	110 154 845	138 323 961	19 970 059
Other receivables	149 806 766	210 919 683	149 806 766	38 237 796
Allowance for credit losses	(1 212 623)	(6 688 828)	(1 212 623)	(1 212 623)
Other receivables - net	148 594 143	204 230 854	148 594 143	37 025 173
Prepayments	97 683 534	3 524 669	69 377 051	638 990
Allowance for credit losses	(1 390 767)	(5 448 451)	(987 754)	(987 754)
Total trade and other receivables	**383 210 870**	**312 461 917**	**355 307 400**	**56 646 468**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

8. TRADE AND OTHER RECEIVABLES (continued)

Impairment of trade and other receivables
The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade and other receivables. To measure expected credit losses on a collective basis, trade and other receivables are grouped based on similar credit risk and their aging.

The expected loss rates are based on the Company's historical credit losses. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's clients.

HISTORICAL

	Current ZWL	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 120 days past due ZWL	Total ZWL
Expected credit loss rate	1%	5%	10%	25%	
Gross carrying amount	29 332 157	18 539 249	22 042 667	296 339 413	366 253 486
Loss provision	**293 322**	**926 962**	**2 204 267**	**73 335 404**	**76 759 955**

INFLATION ADJUSTED

	Current ZWL	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 120 days past due ZWL	Total ZWL
Expected credit loss rate	1%	5%	10%	25%	
Gross carrying amount	123 452 509	18 539 249	22 042 667	296 339 413	460 373 838
Loss provision	**1 234 525**	**926 962**	**2 204 267**	**73 335 404**	**77 701 159**

Movements in the impairment allowance for trade receivables are as follows;

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
At 1 January	-	**(279 515 236)**	-	**(50 673 538)**
Opening provision for impairment of trade receivables	(132 707 236)	-	(24 058 599)	-
Written off during the year	-	147 711 531	-	26 778 741
Provided for during the year	77 701 159	(903 532)	(52 701 356)	(163 802)
As at 31 December	**(55 006 078)**	**(132 707 236)**	**(76 759 955)**	**(24 058 599)**

The movement in allowances for credit losses has been included in administration expenses line item in the statement of profit or loss.

9. CASH AND BANK BALANCES

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Bank and cash balances	710 985 194	231 118 172	710 985 194	41 899 596
Bank overdraft	-	(9 515 693)	-	(1 725 108)
	710 985 194	**221 602 479**	**710 985 194**	**40 174 488**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

10. SHARE CAPITAL

Authorised share capital				
32,000 ordinary shares @ ZWL$0.01	320	320	320	320
Issued share capital				
2 ordinary shares @ ZWL0.01	-	-	-	-

The unissued shares are under the control of the Directors subject to the limitations imposed by the Companies Act (Chapter 24:03).

11. BORROWINGS

11.1 Long term

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Opening balance	1 249 808 694	1 332 951 334	226 578 806	241 651 801
Additions	-	59 225 695	-	10 737 073
Borrowings-short term portion	-	(71 696 587)	-	(12 997 931)
Foreign exchange(gain)/ loss	3 807 035 213	(70 671 748)	3 807 035 213	(12 812 137)
Inflation Adjustment	(1 023 229 888)	-	-	-
Balance at end of year	**4 033 614 019**	**1249 808 694**	**4 033 614 019**	**226 578 806**

11.2 Short term loans

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Opening balance	280 955 916	190 690 536	50 934 720	34 570 438
Additions	6 707 742	-	3 000 000	-
Borrowings-short term portion	-	71 696 587	-	12 997 931
Repayments	(15 066 723)	(16 191 203)	(2 574 027)	(2 935 316)
Foreign exchange (gain)/ loss	476 018 159	-	476 018 159	-
Interest	(84 653 951)	34 759 995	48 474 801	6 301 667
Inflation Adjustment	(88 107 489)	-	-	-
Balance at end of year	**575 853 654**	**280 955 915**	**575 853 653**	**50 934 720**
Total borrowings	**4 609 467 673**	**1530 764 609**	**4 609 467 672**	**277 513 526**

11.3 Interest bearing borrowings as at 31 December 2019:

	Interest rate %	**Short term ZWL**	**Long term ZWL**	**Total ZWL**
The Export Import Bank of China	2.0	258 850 227	3 873 928 638	4 132 778 865
KFW Development Bank	7.5	312 390 543	122 605 117	434 995 660
Huawei Technologies	3.0	3 143 698	32 504 830	35 648 528
First Banking Corporation (FBC)	3.1.5	1 469 250	4 575 369	6 044 619
Total borrowings		**575 853 718**	**4 033 613 954**	**4 609 467 672**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

11. BORROWINGS (continued)

11.4 Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Company's statement of cash flows from financing activities.

	Opening Balance 1 January 2019 ZWL	Financing Cash Flows ZWL	Effect of Foreign Exchange Losses ZWL	Interest Expense ZWL	Interest Paid ZWL	Closing Balance 31 December 2019 ZWL
Borrowings	277 513 526	425 973	4 283 053 372	49 524 375	(1 049 574)	4 609 467 672

The Export Import Bank of China
NetOne has accessed two loans guaranteed by the Zimbabwean Government. The total facilities amount to USD 255 978 164.17. The repayment period is 180 months for each loan with a grace period of 60 months. Principal loan repayments for the first loan commenced in March 2016. The last drawdown on the USD 218 million Mobile Broadband Phase 2 were made in December 2018.The interest is charged at a fixed rate of 2% per annum.

KFW Development Bank
KFW loan is made up of two facilities, KFW7 and KFW8. KFW7 was repayable over 14 semi-annual instalments of USD 325 000 commencing 30 June 1999. The interest is charged at a fixed rate of 7.57% per annum plus 2% per annum on unpaid interest. KFW8 was repayable over 14 semi-annual instalments of USD380 900 commencing 1 June 1997. The interest is charged at fixed rate of 5.45% per annum plus 2% per annum on unpaid interest. Both facilities are guaranteed by the Government of Zimbabwe. The loan went into default during Zimbabwe's hyperinflationary period that ended in 2009. The Company is negotiating a payment plan to extinguish the outstanding balance.

Huawei Technologies
The loan of USD2 079 031 from Huawei is unsecured. It is repayable over 10 years starting in May 2017 with a fixed interest rate of 3% per annum.

First Banking Corporation (FBC)
The composite loan amount is ZWL10 500 000. The loan was established to finance working capital and capital expenditure requirements. The loan principal is repayable quarterly with final instalment due on 30 March 2022. The composite loan is secured by network infrastructure worth ZWL 6 250 000 and fixed property. It carries interest at a fixed rate of 35.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

12. DEFERRED TAX

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Analysis of temporary differences				
Property and equipment	50 646 704	389 239 927	50 646 704	61 908 449
Unrealised foreign exchange gains	(835 607 863)	21 398 804	(886 758 142)	4 204 714
Leave pay provision	(2 207 533)	(446 675)	(1 319 519)	(251 083)
Revaluation of PPE	853 691 484	-	853 691 484	-
Currency Conversion	557 594 371	-	96 585 612	-
Bonus provision	3 228 811	(2 616 611)	-	(369 480)
Assessed losses	(10 081 217)	(32 438 827)	(10 081 217)	(32 438 827)
	617 264 757	**375 136 618**	**102 764 923**	**33 053 773**
Reconciliation				
Opening balance	375 136 618	354 923 582	33 053 773	32 058 128
Movement through profit or loss	(1 169 157 716)	20 213 036	(880 576 879)	995 645
Movement through other comprehensive income	1 411 285 855	-	950 288 029	-
Closing balance	**617 264 757**	**375 136 618**	**102 764 923**	**33 053 773**
Ageing of the tax asset				
Assessed loss :2019	-	-	-	-
:2018	(10 081 217)	(13 792 841)	22 357 610	(13 792 841)
:2017	-	(11 330 981)	-	(11 330 981)
:2016	-	(7 315 005)	-	(7 315 005)
	(10 081 217)	**(32 438 827)**	**22 357 610**	**(32 438 827)**

13. LEASES

Lease liabilities are presented in the statement of financial position as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Current	-	-	-	-
Non-current	53 170 216	-	53 170 216	-

The Company has leases for bandwidth and related facilities, Office and retail buildings. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property and equipment (see Note 4).

The Company Adopted the modified retrospective approach.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and retail shops the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

13. LEASES (continued)

RIGHT-OF-USE ASSET	NO OF RIGHT-OF-USE ASSETS LEASED	RANGE OF REMAING TERM	AVERAGE REMAINING TERM	NO OF LEASES WITH EXTENSION OPTIONS	NO OF LEASES WITH OPTIONS TO PURCHASE
Office Building	12	16-36 months	7 months	12	None
Retail Shops	25	10-16 months	12 months	25	None
Bandwidth	3	63 months	51 months	3	None
Fuel Tanks	2	18-19 months	7 months	2	None

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2019 were as follows:

Description	Intial Present Value ZWL	Finance Costs ZWL	Lease Payments ZWL	Closing Present Value ZWL
Flagshops	1 657 238	292 645	(813 707)	1 136 176
Telone offices	286 617	24 362	(112 222)	198 757
Bandwidth lease	62 157 426	5 131 602	(15 621 646)	51 667 382
PTC –Pensions (CAIPF)- HQ	644 256	54 762	(531 117)	167 901
	64 745 537	**5 503 371**	**(17 078 692)**	**53 170 216**

The expense relating to payments not included in the measurement of the lease liability is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Leases of low value assets	4 852 299	-	4 852 299	-

Total cash outflows for leases for the year ended 31 December 2019 was **ZWL17 078 692**.

Additional Information on the right-of-use assets by class is as follows:

	Carrying Amount ZWL	Depreciation ZWL
Offie Buildings	930 873	578 531
Bandwidth	49 725 941	12 431 485
Retail Shops	1 166 578	490 660
Total right-of-use Assets	**51 823 392**	**13 500 676**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

21. INCOME TAX EXPENSE

Current	-	-	-	-
Deferred	242 128 140	20 213 036	69 711 150	995 645
Withholding tax	(17 593)	3 880 998	(10 933)	502 054
Tax expense on total comprehensive loss / income	242 110 547	24 094 034	69 700 217	1 497 699

22 RELATED PARTY INFORMATION

22.1 RELATED PARTIES

NAME	NATURE OF RELATIONSHIP	NATURE OF TRANSACTIONS
Lazarus Muchenje	Chief Executive Officer	Salaries and employment benefits
Kudakwashe Nyashanu	Chief Human Resources Officer	Salaries and employment benefits
Darlington Gutu	Chief Technical Officer	Salaries and employment benefits
Tinashe Severa	Acting Chief Finance Officer	Salaries and employment benefits
Nyaradzai Shoko	Acting Chief Operating Officer	Salaries and employment benefits
Mhonda Sibanda	Acting Chief Mobile Services Officer	Salaries and employment benefits

The principal shareholder of the Company is the Government of Zimbabwe through the Ministry of Information Communication Technology and Courier Services.

22.2 Compensation to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The compensation to key management is as follows:-

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Short term benefits	5 154 654	1 117 089	5 154 654	1 117 089
Long term benefits	466 963	134 247	466 963	134 247
	5 621 617	1 251 336	5 621 617	1 251 336

23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

1. Credit risk
2. Liquidity risk
3. Interest rate risk
4. Foreign exchange risk

Principal financial instruments
In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continue)

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:-
a) Available for sale investments
b) Trade and other receivables
c) Bank and cash balances
d) Trade and other payables
e) Borrowings
f) Bank overdraft

General objectives, policies and processes
The Company's management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

Financial instruments by category
A summary of the financial instruments held by category is provided below:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Financial assets at fair value				
Bank and cash balances	710 985 194	231 118 172	710 985 194	41 899 596
Trade and other receivables	383 210 870	312 461 917	355 307 400	56 646 468
	1 094 196 064	543 580 089	1 066 292 594	98 546 064
Financial assets at amortised cost				
Treasury bill	270 087	62 651 307	270 087	11 358 105
Financial liabilities at amortised cost				
Borrowings	4 609 467 673	1 530 764 609	4 609 467 672	277 513 526
Trade and other payables	631 889 454	1 454 826 827	631 889 455	115 430 129
Bank overdraft	-	9 515 693	-	(1 725 108)
	5 241 357 127	2 995 107 129	5 241 357 127	391 218 547

Financial instruments not measured at fair value

Financial instruments not measured at fair value include bank and cash balances, trade and other receivables, borrowings, bank overdraft, trade and other payables. Due to their short-term nature, the carrying value approximates their fair value.

23.1 Credit risk
Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from trade, other receivables and treasury bills held as available for sale investments. The credit risk with respect to trade and other receivables is managed through credit worthiness checks which are performed on new clients before entering contracts. Credit risk also arises from bank balances . The Company's cash and cash equivalents are placed with high quality financial institutions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the statement of financial position. In addition, the Company has guaranteed a loan advanced by China Exim Bank to Telone (Private) Limited. The maximum exposure to credit risk relating to a financial gaurantee is the maximum amount the Company would have to pay if the guarantee is called upon.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

23.2 Liquidity risk

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Company faces, the Company's strategy has been, throughout the year ended 31 December 2019, to negotiate favourable payment terms with suppliers. The liquidity risk on foreign creditors and lenders has increased due to delays to effect foreign payments. Refer to note 20 for additional disclosures under cash and cash equivalents note. Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. The liquidity risk exposure in relation to financial liabilities are set out below.

	Up to 3 months ZWL	Between 3 and 12 months ZWL	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
HISTORICAL					
As at 31 December 2019					
Borrowings	667 491 045	29 627 403	292 237 698	3 620 111 526	4 609 467 672
Trade and other payables	499 589 454	-	132 300 000	-	631 889 454
	1 167 080 499	29 627 403	424 537 698	3 620 111 526	5 241 357 126
As at 31 December 2018					
Borrowings	35 685 359	3 090 432	1 792 906	236 944 829	277 513 526
Trade and other payables	263 746 705	-	-	-	263 746 705
	299 432 064	3 090 431	1 792 906	236 944 829	541 260 231
INFLATION ADJUSTED					
As at 31 December 2019					
Borrowings	667 491 045	29 627 403	292 237 763	292 237 763	4 609 467 673
Trade and other payables	499 589 454	-	132 300 000	132 300 000	631 889 454
	1 167 080 499	29 627 403	424 537 763	424 537 763	5 241 357 127
As at 31 December 2018					
Borrowings	196 840 440	17 046 823	9 889 669	9 889 669	1 530 764 609
Trade and other payables	1 454 826 827	-	-	-	1 454 826 827
	1 651 667 267	17 046 822	9 889 669	9 889 669	2 985 591 436

23.3 Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavorably affect the Company's earnings and the value of its assets, liabilities and capital. The Company's interest bearing borrowings have a fixed rate, except for the bank overdraft which is disclosed on note 20 to the financial statements.

23.4 Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than their functional currency. The Company has outstanding loans from foreign financial institutions amounting to ZWL4 603 423 053 and operational obligations for its network support and maintenance.

Sensitivity analysis	% Change	Liability ZWL	Change ZWL
KFW Loan	35%	434 995 660	152 248 481
Huawei Loan	35%	35 648 528	12 476 985
China Exim Loan	35%	4 132 778 865	1 446 472 603
		4 603 423 053	1 611 198 069

The effect of a 35% strengthening of the USD against the ZWL at the reporting date would have resulted in a decrease in post tax profit by ZWL 398 288 164 and an increase in the net liability position by the same amount. The Company does not have any forward exchange contracts to offset the losses.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

24. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

The Company is financed through the following:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Borrowings	4 609 467 672	1 530 764 609	4 609 467 672	277 513 526
Less: cash and cash equivalents	(710 985 194)	(221 602 479)	(710 985 194)	(40 174 488)
Net debt	3 898 482 478	1 309 162 130	3 898 482 478	237 339 038
Total equity	1 316 313 802	(565 484 869)	1 735 003 338	(67 562 158)

25. CAPITAL EXPENDITURE

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
Authorised and contracted for	9 111 191	-	9 111 191	-
Authorised and not contracted for	2 328 593 134	161 334 350	2 328 593 134	161 334 350
	2 337 704 325	161 334 350	2 337 704 325	161 334 350

Capital expenditure will be financed from internal cash generation and loans.

26. OPERATING LEASE ARRANGEMENTS

26.1 Leasing arrangements

Operating leases include leases of certain buildings and sites where the Company's base stations are located. The remaining lease terms vary between 1 month and 10 years. Various options exist for the Company to renew the leasing arrangements on expiry.

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	**2019 ZWL**	2018 ZWL
26.2 Payments recognised as an expense				
Minimum lease payments	13 972 765	30 479 829	4 852 299	3 691 502
26.3 Non-cancellable lease commitments				
Not later than one year	-	17 497 783	-	3 172 187
Later than one year and not later than five years	-	47 805 445	-	8 666 687
Later than five years	-	19 066 324	-	3 456 549
	-	84 369 553	-	15 295 423

27 POST EMPLOYMENT BENEFIT LIABILITY

27.1 National Social Security Authority

All eligible employees are members of the National Social Security Scheme to which the employees and the Company contribute. The scheme was promulgated under the National Social Security Authority Act 1989. The Company's obligations under this scheme are limited to specific contributions legislated from time to time. Contributions by the Company amount to 3.5% of pensionable emoluments. During the year ended 31 December 2019, the Company contributed ZWL 2 023 166 (2018: ZWL 4 143 588) towards National Social Security Scheme.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

27. POST EMPLOYMENT BENEFIT LIABILITY (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Total contributions for the year were as follows	5 563 165	24 216 145	2 329 904	1 772 927

28 CONTINGENT LIABILITIES

28.1 Loan guarantee
The Company has guaranteed a loan advanced to TelOne (Private) Limited from China Exim Bank of USD 98 617 848. As at 31 December 2019, the balance drawn down from this facility was USD 92 986 559 (ZWL 1 559 700 749).

28.2 Pending litigation
The Company is named in various claims and legal actions before the courts by ex-employees. The probable outcome and level of liability at reporting date, if any, could not be determined.

29. GOING CONCERN CONSIDERATIONS

The Company incurred loss before tax of **ZWL 5 194 249 613** in the current period.

The ability of the Company to continue operating as a going concern is dependent on its return to profitable operations.

Profitability review and initiatives ahead
The Company's earnings before interest, tax, depreciation and amortization (EBITDA) decreased from a ZWL 319 million to ZWL 311 million due to an increase in network costs. The profit before tax also decreased from a positive ZWL 143 million to a negative ZWL 5.1 billion mainly due to unrealised foreign exchange loss of ZWL 3.3 billlion and net monetary loss of ZWL 1.8 billion. These two figures are mainly driven by foreign loans and foreign creditors. The business intend to address the profitability issue through a number of initiatives mainly focusing on increasing 4G capacity and introducing renewable power sites. This will incease the business' ability to offer more data services to more subscribers and also save on network costs respectively. The business also intend to procure a new billing system which has capabilities to offer an increased packages of products and services to the customers and a more efficient billing abilities there by increasing revenues to the business. On the foreign loans the business is targeting to pay off USD 7 mollion to KFW and benefit from a debt cut amounting to USD 19 million. Efforts are also directed at improving generation and collection of foreign currency based revenues from abroad and local free funds to hedge against foreign obligations which will reduce the foreign exchange loss.

The Company has managed to increase its gross profit by (4%) ZWL 30 million and reduced all the other costs categories by (15%) ZWL 47 million except network costs which has increased by (28%) ZWL 40 million which are mainly affected by power shorages and increased in fuels prices. Cost containment remains a key strategy towards profitability.

- Extensive deployment of commission based brand ambassadors has aided immensely in revenue generation. The business continually seeks for efficient and effective ways to expand its market presence;
- Drive in the business is to increase sales and distribution footprint through use of own shops, franchises, store in store units and set up of low costs kiosks;
- Continued implementation of cost containment measures. Strict approval measures are in place to ensure that the Company spends in accordance with its revenue generation capacity;
- Engagement of Government and other government related entities in order to provide additional services to them and for Government to timeously honour its obligations to NetOne. This is expected to yield positive results, and improve overall Company performance and narrow the liquidity gap due to the resultant cash flows; and
- The business focus has been expanded to incorporate media as part of the strategy. The Telecommunication, Media and Technology "TMT" business model is aimed at monetizing data and financial inclusion whilst consolidating market position on the traditional revenue streams.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

30. EVENTS AFTER THE REPORTING DATE

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

TO CONNECT
TO OUR HERITAGE

OUR GOVERNANCE & REMUNERATION

OUR GOVERNANCE & REMUNERATION

BOARD MEMBER PROFILES

MS. S. MUTANGADURA (ArbP ACIArb)
ACTING CHAIRPERSON

Susan Mutangadura is an internationally certified Arbitrator. She holds an Arbitration degree of the University of Lucerne and the University of Neuchatel in cooperation with the Swiss Arbitration Academy; a Master of Laws (LLM) in International Commercial and Business Law (Distinction) from Bangor University, Wales; Master of Business Administration (MBA) from the University of Surrey, United Kingdom and a Bachelor of Laws (LLB Hons) from the University of Zimbabwe. She is an Associate of the Chartered Institute of Arbitrators (UK).

Susan became the first female partner in one of Zimbabwe's leading law firms, Danziger & Partners. She was the inaugural Company Secretary and Legal Advisor for the Zimbabwe Revenue Authority and subsequently Managing Director & Country Manager in a multinational corporation. She is a former Chairman of the Institute of Directors Zimbabwe. Susan has served as non-executive director in various industries including cement manufacturing, banking, insurance, real estate and not-for-profit organisations.

She is the Vice Chairman of the Board of Directors of NetOne Cellular (Private) Limited and was also appointed the Acting Board Chairman of the Board of Directors on the 6th of February 2020 following the resignation of Mr. J. P. Mutizwa from the Board of Directors.

DR R. M. MAVHUNGA

Dr Rangarirai Mathias Mavhunga is an entrepreneur and is a guru in the financial and microfinance field with a career spanning over 33 years in various senior management positions in both local and regional financial institutions. He holds a Doctorate in Business Administration (DBA) from the Commonwealth University; BSC Economics Honors Degree; various post graduate diplomas including Post Graduate Diploma in Business Management from University of Natal where he was inducted into the Golden Key International Society for academic excellence in 2002. He has completed several Executive Development courses at Oxford University's SAID Business School.

He is the founder and Group Chief Executive Officer of FMC Finance Holdings, a Pan-African financial services Company which has operations in Zimbabwe (where it is a leading microfinance institution) and in Zambia. Dr Mavhunga has won numerous accolades and gained local and regional and recognition for his business expertise.

MR W. MAKAMURE

Mr Winston Makamure is an established Information Technology professional with a career spanning over a period of over 28 years. He holds an MBA (Executive) from the University of Hertfordshire, United Kingdom, BSc Information Technology from the University of Hertfordshire, United Kingdom; HND Information Technology from Hatfield Polytechnic, United Kingdom; Project Management-KPMG South Africa among several other qualifications.

Having started as an Infantry, Logistics Army Officer to a Military Computer Programmer/Analyst and rising to be a Managing Director of an IT Support Company, Mr Makamure worked as a Senior IT consulting firm, as the Managing Consultant. His experience in the military has molded him into a disciplined, methodical and meticulous Business Executive. He has held several senior positions in a number of Companies over the years and has been appointed to several Boards where he has gained much valued experience and knowledge.

BOARD MEMBER PROFILES

MR PARADZAI CHAKONA

Mr. Paradzai Chakona-holds a Master of Commerce Strategic Management degree from the Great Zimbabwe University and is in his final stages of a PHD in Business Management with the Women's University in Africa, HND Institute for Management of Information Systems, HDBA Zimbabwe Institute for Management of Information Systems, HDBA Zimbabwe Institute Management; DBA Institute of Management; EDBL Zimbabwe Institute of Management and a Certificate LCCI.

Mr. Chakona is a former member of the National Assembly representing Zaka Central Constituency, has vast experience in Information Technology and has been involved in the development and implementation of banking systems; e-Education systems and various defined management systems in various institutions across the region as well as abroad. He acquired most of his experience and knowledge whilst working for Posts and Telecommunications Corporation, working as Managing Director Rib-Tech Computer Services and Managing Director Global Technology Central Africa.

He resigned from the NetOne Cellular (Private) Limited Board on the 19th of March 2020.

KEUEMETSI S. MUPANDAWANA

Keuemetsi Mupandawana is a qualified Human Resources Professional, she has an MBA with Commendation (Nottingham Trent University UK), a Bachelor of Arts General Degree with the University of Zimbabwe. She did various short courses including Balanced Scorecard Training, Job Evaluation Training and Labour Relations Workshops. She is a seasoned Human Resources Professional currently leading and driving all aspects of the business relating to Human Resources Management for 5 Business units. She has 15 years of experience as Human Resources Professional.

Currently, she is the Group Human Resources Executive at Zimplow Holdings since 2013. She reports directly to the Group CEO and the Human Resources Committee. She is also a former Human Resources Manager at Turnall Holdings. She is a member of the Institute of Personnel Management and Employer's Confederation of Zimbabwe (EMCOZ).

Keuemetsi S. Mupandawana resigned from the NetOne Board of Directors on the 5th of February 2020.

SIBONILE DHLIWAYO

Sibonile Dhliwayo is a qualified Chartered Accountant with Executive Masters of Business Administration with Africa University, Final Qualifying Exams Part I and II with the University of Capetown in conjunction with the Institute of Chartered Accountants of Zimbabwe (ICAZ), B Compt (Hons) in Applied Accounting with UNISA and Bachelor of Commerce Degree in Accounting with NUST. Having trained with Pricewaterhouse Coopers (Pvt) Ltd, she is well knowledgeable of the Companies Act, Income Tax Act and IFRS compliance matters. She is a seasoned senior finance and accounting manager with over 10 years' experience in auditing financial management, financial accounting, budgetary control and tax accounting. She has strong leadership qualities with the ability to guide team members in administering financial functions.

Sibonile Dhliwayo has worked for reputable organisations including Intrachem (Pvt) Ltd as a Group Finance Manager and Company Secretary, Pan African Mining as a Financial Controller and Company Secretary, Mbada Diamonds (Pvt) Ltd as a Chief Finance Officer, Alexander Forbes Risk Services Zimbabwe (Pvt) Ltd as a Finance and IT Executive and Pricewaterhouse Coopers as a Senior Audit Associate.

Sibonile Dhliwayo resigned from the NetOne Board of Directors on the 5th of February 2020.

MR JAMES MUTIZWA

James Mutizwa holds a Bachelor of Law (Hons) Degree (BL) and a Bachelor of Laws Degree (LLB) with the University of Zimbabwe. He has been in private practice for 34 years and currently he is a Senior Partner with Chihambakwe, Mutizwa & Partners. His areas of practice are commercial law, competition law as well as being an accomplished Arbitrator, locally, as well as serving with the International Commercial Court (ICC) Paris. He is, and has been a director of various companies, including companies listed on the Zimbabwe Stock Exchange. He has also served on the boards of parastatals and State Owned Enterprises.

Professionally, Mr. Mutizwa has served as a Counselor and Vice President of the Law Society of Zimbabwe and currently sits on the Pharmacists Council of Zimbabwe as well as being an examiner with the Council for Legal Education. He is a member of International Bar Association as well as the SADC Lawyers Association. He plays golf from time to time.

He resigned from the Board of Directors of NetOne Cellular (Private) Limited on the 5th of February 2020.

OUR GOVERNANCE

The Board recognises and remains committed to good and best corporate governance practices. The Board is well aware that the way it manages the affairs of the Company sets the tone in which Management and Staff conduct themselves. As such, the Board is exemplary in upholding the principles of honesty, integrity and professionalism through compliance with all legislation, regulations and Directives issued by Regulators of the telecommunications industry from time to time. The Board, in particular, is emphatic on the need to comply with the requirements of the Companies and Other Business Entities Act [Chapter 24:31], Public Procurement and Disposal of Public Assets Act [Chapter 22:23], Public Finance Management Act [Chapter 22:19], Postal and Telecommunication Act [Chapter 12:05], Labour Act Chapter 28:01 and the Public Entities Corporate Governance Act [Chapter 10:31] and any other laws that may be applicable to the day to day operations of the business.

Board Composition and Conduct
The Board Comprises of seven (7) Non-executive Directors, drawn from various backgrounds, bringing in-depth diversity in experience, expertise and perspectives to the Company's business operations. The Board was appointed on 20 December 2018. The Board is chaired by a non-executive Director and meets quarterly. Directors are required to declare their interests at each Board meeting.

The Board determines overall policies, plans and strategies and ensures that these are implemented through the Chief Executive Officer (CEO) and Management.

Responsibilities of the Board
The main responsibilities of the Board are;
1. Reviewing and approving the strategies, budgets and business plans prepared by Management and recommended as appropriate by relevant Board Committees;
2. Overseeing performance against set targets and objectives;
3. Overseeing reporting to the Shareholder and other stakeholders on the strategic direction, governance and performance of the Company.
4. Assuring itself of the effectiveness of arrangements for the governance of the Company including;
   a) The quality of the Executive team
   b) The appropriateness of organizational arrangements and structure and
   c) The adequacy of internal controls, policies, procedures and processes.

BOARD COMMITTEES

Finance Committee
The Committee is chaired by a non- executive Director and comprises of two other independent non-executive Directors. The Committee meets quarterly with the Company's internal auditors, external auditors and Management to review accounting, internal control and financial reporting matters. It examines the Company's financial statements quarterly and recommends for approval the Board.

The Audit Committee
The Committee is chaired by a non- executive Director and comprises of two other independent non-executive Directors. The Committee meets quarterly with the Company's internal auditors, external auditors and Management. The principal functions of the Audit Committee are to oversee the integrity of the financial statements in compliance with legal, regulatory requirements and relevant International Financial Reporting Standards (IFRSs), and to assess the effectiveness of the Company's internal control framework as well as internal and external audit functions.

Risk Committee
The Risk Committee is chaired by a non-executive Director and consists of two other independent non-executive Directors. The Committee oversees the establishment and implementation of the risk management systems and recommends for approval of risk management policies and practices to the Board and reviews periodic reports on risk management and risk mitigation recommendations that will be presented to the Board.

Human Resources and Remuneration Committee
The Human Resources Committee is chaired by a non- executive Director and consists of two other non- executive Directors. The Committee's mandate includes but is not limited to;
- Reviewing Human Resources Development, Remuneration and Organizational Structure and recommending any significant changes to the Board.
- Ensuring that human resources policies are developed and implemented to comply with all human resources related standards, laws and regulations.
- Approving the design of and determining targets, for any performance related pay salaries operated by the Company and recommending for approval the total annual payments made under such schemes.

- Overseeing any major changes in employee benefits structures throughout the Company.
- Overseeing the implementation of a performance driven culture across the organization; and
- Considering any matters that may be delegated to it by the Board.

ICT and Procurement Committee
The ICT and Procurement Committee is chaired by a non- executive Director and consists of two other non- executive Directors. The Committee's mandate is to ensure that all procurement activities at NetOne Cellular (Private) Limited is in compliance with the Procurement legislation and the relevant subsidiary legislation as amended from time to time, Government Policy Directions and any legislation applicable to procurement in Zimbabwe. The Committee also considers any other matters that may be delegated to it by the Board of Directors.

Business Development, Marketing, Public Relations and Mobile Financial Services Committee
The Business Development, Marketing, Public Relations and Mobile Financial Services Committee is chaired by a non-executive Director and consists of three other non- executive Directors. The Committee was established;

- To give strategic and high level focus on Business Development, Marketing, Public Relations and Public Relations issues. The Committee oversees the implementation of the approved business plans and business strategies and to make investments for the purpose of improving financial performance of the Company to the economy in line with its mandate for the Shareholder.
- Reviewing tactical investment and business development plans to achieve set strategic objectives.
- Recommending to the Board for approval, investment and business development projects that meet the appropriate investment metrics including but not limited to the appropriate operating structure of such investments.
- Monitoring and reporting to the Board on investments and business development projects being undertaken by the Company.
- When requested by the Board, consider new business development and investment opportunities using approval corporate business plan matrics.
- Oversees the transition of Mobile Financial Services as a department within the broader mobile network business to a separate legal entity which will be a subsidiary of NetOne Cellular (Pvt) Ltd which focuses on Mobile Financial Services.
- Participate in the development of the Company's marketing policy and strategy
- Monitor the performance of the Company's Marketing Strategy
- Review the Marketing strategy and provide guidance and direction for the Company's marketing strategy.
- Receive Reports on PR activities, media and brand image.
- Receiving Reports on Stakeholder management and CSI activities.
- It has delegated authority to refine the strategic focus of the business.

EXECUTIVE COMMITTEE (EXCO)

The Executive Committee comprises of the Executive Management namely the Chief Executive Officer, the Chief Finance Officer, Chief Technology Officer, Chief Commercial Officer, Chief Mobile Financial Services Officer, Chief Human Resources Officer, Head Revenue Assurance, Head Supply Chain, Head Public Relations Officer and Head Legal and Regulatory Compliance.

It meets once every week and is charged with implementing with policies, plans and strategies of the Company as approved by the Board. To this end, the ExCo is seized with;

- Overseeing the day to day operational activities of the business
- Prioritizing and allocating the Company's capital, technical and human resources
- Establishing best management practices and functional standards
- Developing and implementing strategies and business plans, policies, procedures and budgets that have been recommended and approved by the Board.
- Monitoring the operating and financial performance of the Company
- Maintaining a system of internal controls to manage the risk profile of the business. This system supports the Board in discharging its responsibility for ensuring that the risks associated with the Company's operations are effectively managed.
- Maintaining a Companywide legal compliance structure
- Making recommendations to the Board relating to matters beyond the scope of its authority; and
- Of its own motion or at the request of the Board, promptly giving or making available to the Board and its committees such information, reports and other documents to enable the Board to carry out its duties.

Board Committee Membership

AUDIT COMMITTEE	FINANCE COMMITTEE	ICT AND PROCUREMENT COMMITTEE	BUSINESS DEVELOPMENT, MARKETING, PR & MFS COMMITTEE	HUMAN RESOURCES AND REMUNERATION COMMITTEE	RISK COMMITTEE
*Ms. S. Dhliwayo	*Dr. R Mavhunga	*Mr. W. Makamure	*Mr. P. Chakona	*Mrs. K. Mupandawana	*Ms. S. Mutangadura
Ms. S. Mutangadura	Mr. W. Makamure	Mr. P. Chakona	Mr. W. Makamure	Ms. S. Mutangadura	Mrs. K. Mupandawana
Mr. P.M. Chakona	Mrs.K. Mupandawana	Ms. S. Dhliwayo	Ms. S. Dhliwayo	Mr. P.M. Chakona	Dr. R.M. Mavhunga
			Dr. R. Mavhunga		

*Chairperson of the Committee

Meetings Held

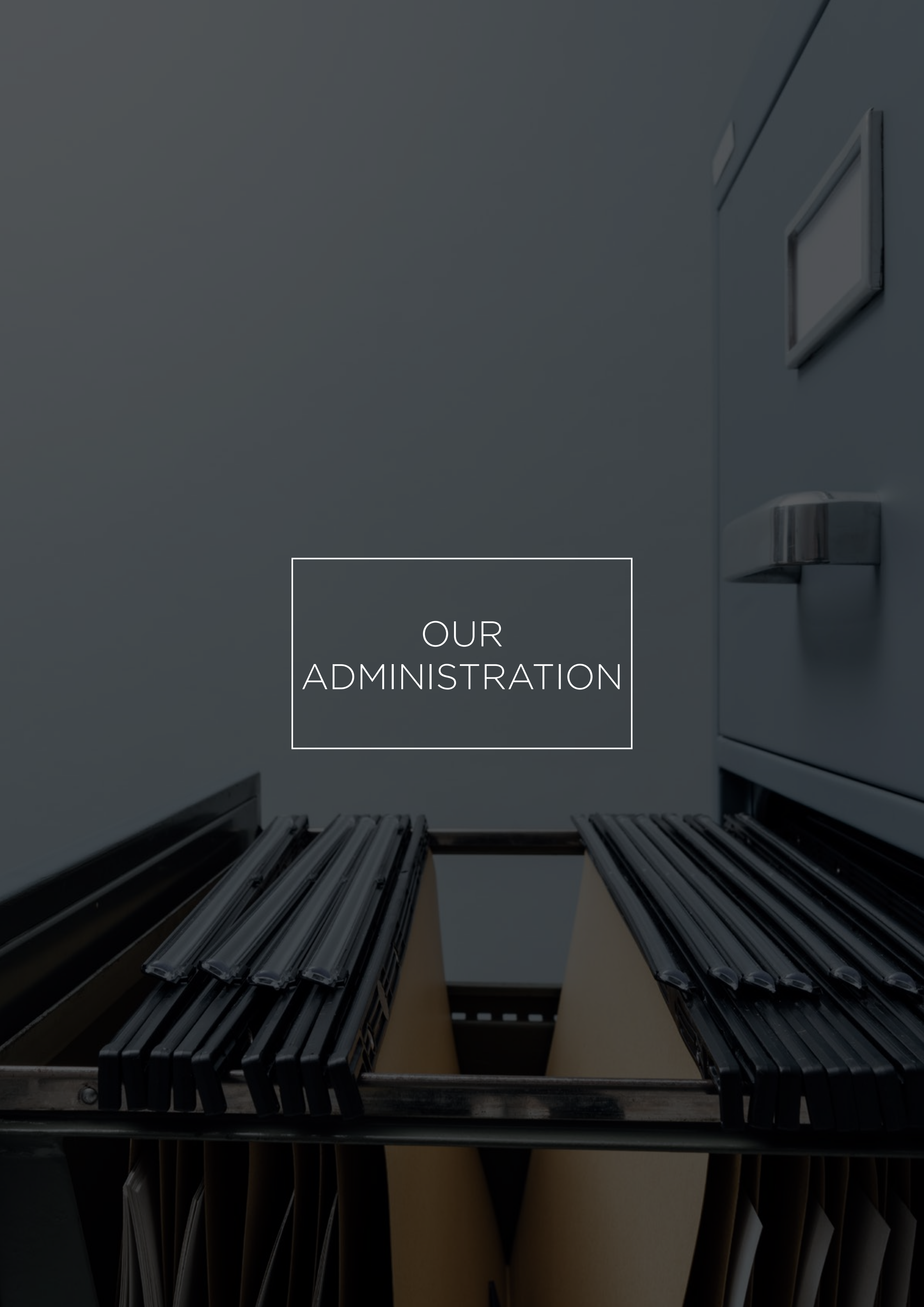
BOARD AND COMMITTEE ATTENDANCE	BOARD	BUSINESS DEVELOPMENT, MARKETING, PR & MFS COMMITTEE	HUMAN RESOURCES & REMUNERATION COMMITTEE	FINANCE COMMITTEE	ICT AND PROCUREMENT COMMITTEE	AUDIT COMMITTEE	RISK COMMITTEE
Number of Meetings Held	**16**	**5**	**9**	**3**	**5**	**10**	**4**
Mr. J. P. Mutizwa	14	N/A	N/A	1	N/A	N/A	N/A
Ms. S. Mutangadura	14	1	6	3	N/A	7	2
Dr. R. M. Mavhunga	11	1	2	3	N/A	N/A	3
Mr. W. Makamure	13	2	2	3	4	N/A	N/A
Mr. P. Chakona	15	5	9	3	4	6	N/A
Mrs. K. Mupandawana	5	N/A	5	3	N/A	N/A	2
Ms. S. Dhliwayo	7	2	N/A	3	3	4	N/A

BOARD REMUNERATION

RETAINER FEE	FEE
Chairperson	ZWL 15 000 (Per Quarter)
Deputy Chairperson	ZWL 12 000 (Per Quarter)
Board Member	ZWL 10 500 (Per Quarter)
BOARD SITTING FEES	
Board Chairman	ZWL 2 500 (Per Sitting)
Deputy Chairman	ZWL 2 000 (Per Sitting)
Board Member	ZWL 1 750 (Per Sitting)
COMMITTEE SITTING FEES	
Committee Chairperson	ZWL 1 250 (Per Sitting)
Committee Member	ZWL 1 000 (Per Sitting)

The Remuneration of the Board of Directors is set in terms of the Circular issued by the Secretary, State Enterprises Reform, Corporate Governance and Procurement Office of the President and Cabinet, from time to time.

**On the 5th of March 2020 Dr. Beaullah Chirume was appointed to the Board of Directors of NetOne Cellular (Private) Limited. She is an accomplished ICT Professional with more than 30 years' experience in the ICT industry and has led multiple business ICT Applications and infrastructure projects and programmes. She championed ICT literacy and utilization through leading the implementation of the Presidential E-Learning programme and providing ICT training to civil servants and citizens. She also participated in a number of ICT cooperation initiatives with organizations such as UNESCO, ITU, UNECA, SADC, COMESA and ETRI (Republic of Korea) among others. She has demonstrated a strong entrepreneurial spirit through a number of Board-advisory roles and active participation in ICT professional bodies.*



OUR ADMINISTRATION

OUR ADMINISTRATION

CORPORATE INFORMATION

Registered Office
16th Floor Kopje Plaza
1 Jason Moyo Avenue
Harare

Auditors
Grant Thornton
Camelsa Business Park
135 Enterprise Road, Highlands
P.O Box CY2619
Causeway, Harare
Zimbabwe

Lawyers
Coghlan, Welsh and Guest
2 Central Avenue
Harare

Matsikidze Attorneys-At-Law
7 Frank Johnson
Eastlea
Harare

Mhishi Nkomo Legal Practice
86 McChlery Avenue
Eastlea
Harare

Acting Company Secretary
Mr. Tinashe Severa
16th Floor Kopje Plaza
1 Jason Moyo Avenue
Harare

Main Bankers
Standard Chartered Bank
68 Nelson Mandela Avenue
Harare, Zimbabwe

Stanbic Bank
59 Samora Machel Avenue
Harare, Zimbabwe

CABS
Northridge Close
Northridge Park
Harare, Zimbabwe

FBC
FBC Centre
45 Nelson Mandela Avenue
Harare, Zimbabwe

Ecobank
2 Piers Road
Borrowdale
Harare, Zimbabwe

CBZ
60 Kwame Nkrumah Avenue
Harare, Zimbabwe

NetOne
The World in One

NOTICE OF ANNUAL GENERAL MEETING 2020

NOTICE IS HEREBY GIVEN THAT THE 4TH Annual General Meeting (AGM) of NetOne Cellular (Private) Limited will be held virtually on the 1st of October 2020 at 10 am for the purpose of transacting the following business:

AGENDA

1. To receive and adopt the Audited Financial Statements, Reports of the Directors and Auditors Report for the year ended 31 December 2019.
2. To confirm remuneration of the Directors for the year ended 31 December 2019.
3. To note the Auditors fees for the year ended 31 December 2019.
4. To note the appointment of Auditors for NetOne Cellular (Private) Limited for ensuing year.
5. To note the appointment of new Directors during the year ended 31 December 2019.
6. To transact all such other business as may be transacted at any Annual General Meeting.

REGISTRATION OF THE AGM

In view of the Regulations which prohibit gatherings of more than fifty people and promoting social distance to minimize the spread of Covid 19, the Annual General Meeting will be held virtually. Members will participate using a link. For the details of the link and assistance with registration for the Annual General Meeting please contact **eshereni@netone.co.zw**.

By order of the Board

P. CHIKUTU
ACTING COMPANY SECRETARY
7 September 2020

NOTES

NOTES

NetOne

The World in One

HEAD OFFICE
NetOne Cellular Private Limited
16th Floor Kopje building Harare
1 Jason Moyo Avenue
P.O BOx CY 579 Causeway
Harare Zimbabwe

+263 712980795 / +263 712980898 / +263 712980880

customercare@netone.co.zw

www.netone.co.zw